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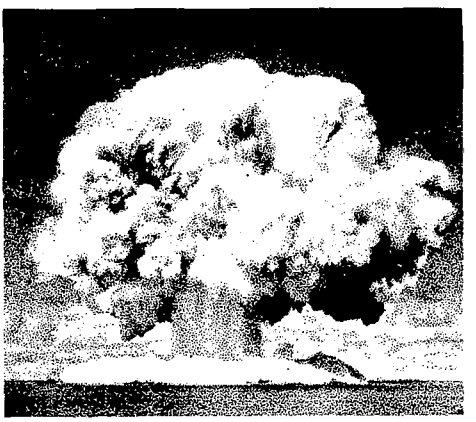

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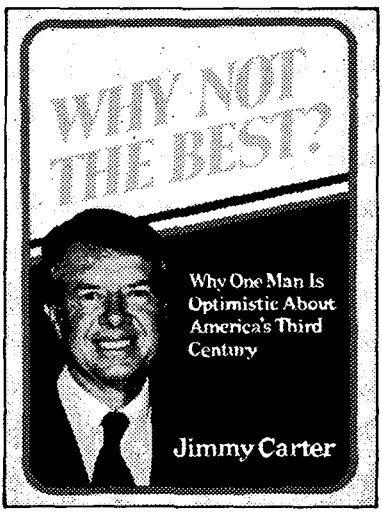

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Published monthly except combined July/August issue by the Washington Monthly Co.,
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Subscription rates: U.S. and possessions—
$16, one year; $25, two years; $35, three years.
Foreign, including Canada, $2.00 per year additional, surface; air mail rates available on request.
Back issues, $1.50. Send all remittances and correspondence concerning subscriptions, undelivered copies, and changes of address to
1028 Connecticut Ave., N.W., Washington, D.C. 20036.

Distributed nationally by B. DeBoer Distributors,
188 High St., Nutley, N.J. 07110.

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Second class postage paid at Washington, D.C. and additional offices.

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VOLUME SEVEN NUMBER TEN
DECEMBER 1975

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Notes Toward a Definition of National Security

by Richard D. Cotter

The hearings by Senator Frank Church's Select Committee on Intelligence Activities have focused on the use of illegal methods by the FBI and CIA to acquire information: the unlawful opening of mail and illegal trespassing upon private premises. The issue seems simple enough: those government agencies created to protect and uphold the law have admitted to deliberate violations of the law and of constitutional guarantees of privacy.

Members of the Church panel as well as representatives of the news media have unanimously condemned these practices. Even the FBI and CIA witnesses called before the televised hearings offered no serious rebuttal—probably a wise choice under the circumstances.

I have no quarrel with this denouement—painful as it is for someone whose assignments included a hectic three weeks in the summer of 1970 helping to prepare the "Huston Plan," a proposal to increase the scope of intelligence activities in the U.S. and put them under White House supervision. Nor do I have any major misgivings about the Church committee inquiry in general, although the televised sessions painted a highly oversimplified and misleading picture on several points.

Several senators, for example, asserted that U. S. intelligence agencies had no need to employ questionable tactics and could develop all the information they required through standard investigative methods. Unfortunately, the detection of deep cover Soviet or Chinese Communist intelligence agents in the United States (e.g. Colonel Abel) is not that easy. To suggest that the FBI can penetrate such operations just as readily through "clean" investigative techniques (interviews, checks of public records, etc.) as by monitoring an illegal agent's mail and examining his personal effects is a delusion.

In addition, the senators frequently indulged in overkill—sometimes at

Richard D. Cotter spent 26 years with the FBI, becoming Chief of the Research Section of the Intelligence Division. He retired from the Bureau in December, 1974.

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the expense of the facts. The FBI was charged with having engaged in unlawful activities on a large scale and in "shotgun" fashion. This I know to be untrue. The Bureau's use of covert mail coverage, for instance, was limited to communications between this country and the Soviet Union as well as Communist China. The coverage was tightly supervised by FBI headquarters, involved only three field offices, and was aimed solely at identifying Soviet or Chinese Communist intelligence agents operating here. It was entirely unrelated to investigations of domestic groups or individuals.

The temptation to oversimplify, and to sacrifice accuracy for hyperbole, is almost irresistible in the format of a televised congressional hearing, where complex issues and complicated events must be compressed and made meaningful in a few short hours. If Senator Church and his colleagues proved susceptible to these pressures, allowances should probably be made for the nature of the beast.

In any event, the ultimate success—or failure—of the Church committee will not depend on its handling of unlawful activities by government agencies. At the present stage, this is a fairly open-and-shut matter. As far as the FBI is concerned, mail openings and break-ins were discontinued in the late 1960s and have never been resumed (although these facts may not have emerged clearly during the televised hearings). It only remains for the Church committee, if it chooses, to pinpoint the blame for past actions or to recommend controls which would preclude their future use. Both of these goals are limited, and essentially negative, in character.

In my view, the Church panel should tackle a far more fundamental issue, one which the Congress has ignored for many years and which is increasingly plaguing the FBI's efforts. This is the question of the FBI's basic jurisdiction and authority in the domestic security field. As I hope to show in the course of this article, the FBI itself has increasingly recognized this problem in recent years, but the Congress, which has the greatest responsibility in this area, has turned a blind eye, preferring instead to make occasional sensational disclosures to demonstrate its concern about FBI activities.

The Grey Area

The Bureau's jurisdiction in criminal matters is fairly precise. When there are allegations of, or the facts indicate, a violation of certain federal statutes (e.g., kidnapping), investigation is undertaken and followed to a logical conclusion. If suspects are developed, the facts are presented to the Justice Department for a decision as to prosecution. The extent of investigation follows a predictable course aimed at proving the elements of the violation as spelled out in the statute.

However, when no crime has yet been committed, there is a "grey area" as far as FBI jurisdiction is concerned, ranging from cases in which the FBI plainly has no legal sanction to arrest a suspect or conduct an investigation (for example, an agent observing a man loitering near a bank would not be justified in concluding that a bank robbery was about to take place) to clearer situations. If, for example, the FBI received a tip from a reliable source advising that a bank robbery was going to take place, detailing how, where and when the robbery would occur, the FBI would turn the information over to local law enforcement authorities and notify the U.S. Attorney. The U.S. Attorney could then authorize the FBI to arrest the suspects under conspiracy statutes.

Domestic security cases typically fall into just this "grey area" between potential and actual crime. The majority of current investigations do not involve the commission of a specific offense, but are aimed at judging the extent to which the subject threatens "national security." This term, however, has gradually grown to encom-

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pass an area far broader than that covered by the federal criminal statutes. And the FBI itself has grown gradually more autonomous in deciding whether the "national security" area overlaps with federal law. The opening and closing of domestic security cases—or an entire bloc of investigations—depends to a marked degree upon the judgment of individual FBI supervisors and officials, as well as on its constantly changing perception of the internal security picture.

Diana H. Walker

Sen. Frank Church

During his questioning of C.D. Brennan, former Assistant Director of the FBI's Intelligence Division, Senator Church noted that in August 1970 the Bureau ordered investigations of 6,500 members of the Students for a Democratic Society and 4,000 members of black student unions, with the aim of identifying those with a "propensity for violence." Church was seeking to establish another point at the time, and the fact that the FBI had launched more than 10,000 security investigations in one fell swoop—strictly on its own initiative and without any evidence of a federal violation—seemed to pass virtually unnoticed. None of the senators asked where the Bureau derived authority for such a major undertaking.

In January 1973, Acting Director Patrick Gray inquired about the extent of FBI security investigations which did not involve an actual or imminent crime. The ensuing survey in the Intelligence Division, which I coordinated, disclosed that of some 20,000 current domestic security cases only about 2,150, or eleven per cent, dealt with matters in which there was probable cause that a crime had been, was being, or was about to be committed. (These were, chiefly, violations of the bombing, sabotage and anti-riot laws.) The remaining 89 per cent involved coverage of groups or individuals known or suspected of being engaged in "extremist, violence-prone, and subversive-type activities," without any specific indication of a crime under FBI jurisdiction. Roughly the same breakdown prevailed at the time of my retirement last December, and applies today.

In short, about nine out of every ten domestic security inquiries have no direct statutory foundation and are based on the FBI's own initiatives in meeting what it regards as its internal security responsibilities. Thus, when Assistant Director Brennan decided in August 1970 that it was a good idea to open 10,500 cases on student militants, he only needed the approval of Director Hoover. There was no requirement that the Bureau consult the Attorney General, the White House or other outside authority—nor was this done. The system is so capricious that if someone other than Brennan had been serving as Assistant Director at the time, then none of these cases might have been opened, or an additional 10,000 might have been added.

The Growth of 'Intelligence'

The virtual independence of the FBI in matters relating to domestic security can be traced to the late 1930s. Before then the Bureau had operated on a strict statutory basis and domestic security cases represented only a small fraction of its workload. But during the summer of 1936, in response to growing fears that the United States would soon find itself the target of Nazi and

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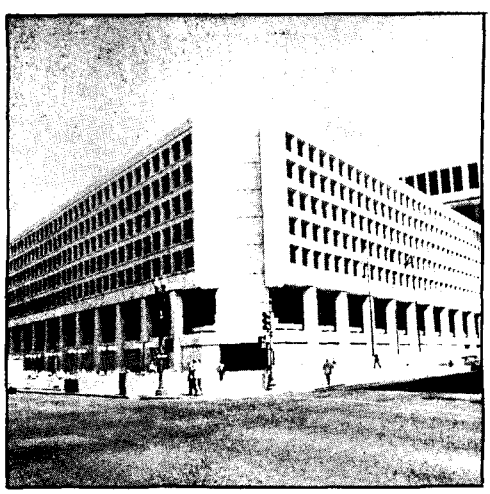
Communist-inspired sabotage, espionage and propaganda campaigns, President Roosevelt ordered the FBI to commence discreet investigations of the Fascist and Communist movements in this country. Reminded that this would involve a departure from normal FBI procedures, since no federal violations were alleged, Roosevelt solved the legal problems raised by having Secretary of State Cordell Hull request the investigations under a seldom-used provision of the Appropriations Act. The first "intelligence" investigations were under way.

On September 6, 1939, five days after the German invasion of Poland and the outbreak of World War II, Roosevelt issued a directive alerting all citizens and law enforcement agencies to the urgency of reporting espionage, sabotage or neutrality violations, and designating the FBI to "take charge" of the investigations and to coordinate the information which was developed. This directive was aimed at avoiding conflicting or overlapping action among the numerous federal, state and local agencies which had varying degrees of interest and jurisdiction in internal security matters. It did not confer any additional authority on the FBI. Nor did it extend the jurisdiction of the Bureau, which already was charged with responsibility to investigate espionage, sabotage and neutrality violations. Yet, somehow, the 1939 Roosevelt directive gradually emerged as the prime legal support of the FBI's rapidly expanding activities in the field of domestic security.

President Roosevelt reissued the directive verbatim in 1943. It was reiterated by President Truman in 1950 and repeated again by President Eisenhower in 1954. But curiously, in the 1950 order issued by Truman, Roosevelt's earlier directives were misquoted as having commissioned the FBI to take charge of matters involving "espionage, sabotage, neutrality violations *and subversive activities.*" The addition of the vague word "subversive" was picked up by Eisenhower and included in his 1954 directive.

Current FBI files contain no explanation for this misreading of President Roosevelt's earlier directives, but the FBI did not raise any objections. The addition of the "subversive activities" phrase to White House orders gave the Bureau the illusion of a much broader mandate than the narrow reference to espionage, sabotage and neutrality violations. Thus, through the years Hoover and his successors have been able to claim, with apparent justification, that the FBI's wide range of "intelligence" inquiries in the area of subversive (or "extremist" or "violence-prone") activities has been in response to presidential directives.



The flaw in this position—and the overriding factor to bear in mind—is that no President can simply assign expanded jurisdiction to the executive branch or to any of its agencies. He may adopt measures to change or improve executive branch policies and procedures in fulfilling *existing* jurisdiction, but he cannot create *new* jurisdiction. Only Congress can do this through the enactment of statutes.

But this legal nicety became all but invisible as the FBI responded to a succession of events which seemed to threaten the national security. The FBI was not alone in this perception:

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there were heavy public, congressional and administration pressures to counter such threats. World War II was succeeded by a tense and extended period of confrontation with the Communist bloc, during which the country was shocked by revelations of successful Soviet-organized espionage against U. S. defense programs, including nuclear weapons secrets. Simultaneously, there were allegations of widespread infiltration of the government and other key institutions by Communist agents.

By the early 1960s the "cold war" had thawed noticeably and the national preoccupation with internal security, as personified by Senator McCarthy, seemed ready to subside. But this trend was sharply reversed by new shocks to domestic tranquillity. In a span of less than five years, President Kennedy was assassinated by an obscure repatriate from the Soviet Union, his brother Robert shot to death by a pro-Arab fanatic, and Dr. Martin Luther King slain by what appeared to be a hired gunman.

In addition the 1960s saw the growth of two forces that were perceived as threats to national security: a rebellious black power movement, which contributed to widespread urban riots and violent attacks upon the police, and a militant student movement, ranging from largely peaceful anti-war or anti-pollution protests to a campaign of terror and bombings by groups such as the "Weathermen."

Throughout this period the FBI steadily expanded the volume and scope of its "intelligence" investigations, the prime purpose of which was not to prosecute actual violations of the federal statutes but to keep authorities informed, to anticipate possible violence and to identify *potential* revolutionaries. During the 1950s, the emphasis was on pro-Soviet groups, notably the Communist Party, USA. In the 1960s the focus shifted to black and student elements. Generally, investigation began with coverage of a group's national headquarters and its top leaders but was gradually expanded to include its various chapters and affiliates and, eventually, virtually the entire membership.

A Conspiracy of Silence

The Bureau's caseload in this area climbed steadily, reaching the 20,000 level by the end of 1972. Perhaps most remarkable was the fact that the FBI's heavy commitment to intelligence investigations—despite the lack of statutory authority—took place almost imperceptibly, with no one taking official recognition of what was happening.

The Bureau's independence in internal security affairs was not challenged by a succession of Attorneys General, although nominally they were responsible for FBI operations. The Justice Department was regularly furnished with copies of all investigative reports in domestic security cases, but only rarely did it raise questions or offer guidance either in individual cases or on overall policy. At times, the Department's lack of direction and its failure to inform itself of basic FBI policies was almost embarrassing. In fact, the Department was not furnished—and presumably never requested—a copy of the FBI Manual of Instructions until 1973.

In early 1974 the House Committee on Internal Security held several hearings on the subject of FBI jurisdiction. Kevin Maroney, the chief of the Justice Department's Internal Security Section—probably the most knowledgeable individual on the Department's staff regarding FBI security operations—was designated to represent the Attorney General. He was asked to explain the basis for FBI authority to investigate domestic groups and individuals and also to furnish the committee with a summary of any "standing orders" or other guidelines the various Attorneys General had issued to the Bureau in this field.

Maroney had a wretched enough time with the questions regarding FBI jurisdiction and the scope of its in-

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vestigations, but when it came to the matter of "standing orders" or Justice Department instructions to the FBI, the questioning became painful. He could find no standing orders whatever with respect to domestic security investigations, and the best he could cite in the way of general instructions was one obscure directive issued by a previous Attorney General relating to the administrative format of electronic surveillance requests. On the whole, the testimony offered a fairly accurate picture of the extent of the Justice Department's knowledge of, and impact on, FBI policies in domestic security matters.

The independence of the FBI in internal security matters was, in part, a measure of the unlimited confidence the American public had in J. Edgar Hoover. But it also reflected the unwillingness of a long succession of Presidents, Attorneys General and congressional committees to grapple with the difficulties involved in resolving the problem of FBI jurisdiction.

The problem may be stated this way: If investigations are restricted to instances where information is on hand indicating a particular crime has been, or will be, committed, the government will handicap itself in planning effective counter-action against disruptive or revolutionary groups and individuals.

On the other hand, statutory limits should be drawn somewhere. In the absence of clear boundaries it is almost inevitable that an intelligence agency—anxious to be as fully informed as possible regarding potential threats to national security—will carry its investigations too far. The FBI is a disciplined, professional agency with a tradition of respect for constitutional rights and an acute concern for its public image. But operating virtually without oversight, the Bureau has expanded its intelligence gathering beyond what is necessary in a number of instances.

This is evident from a recent survey made by the General Accounting Office. After reviewing 676 of the FBI's domestic security cases, the study concluded that in only 34 per cent of the cases was there "hard" evidence that the subject was a leader of a "subversive" group or was otherwise known to be prone to violence on behalf of a political cause. In 30 per cent of the cases such evidence was judged to be "medium," and 36 per cent of the time it was characterized as "soft." Only three per cent of the investigations were referred to the Justice Department for prosecution.

Most significant of all, the GAO report found that in only two per cent of the cases did the FBI investigation develop advance knowledge of the activities of subversive elements and slightly more than half of the time (51 per cent) the investigation failed to establish that the subject was even affiliated with a subversive organization or its activities. Bearing in mind the heavy commitment of FBI resources to such investigations, these figures should raise questions even among those who support a broad "intelligence" approach on the part of the Bureau. In fact, within the FBI itself, there is a growing awareness of the fuzzy nature of the agency's jurisdiction in the domestic security area and of the ineffectiveness of investigation in a high proportion of these cases.

Rewriting the Manual

Following the death of J. Edgar Hoover in May 1972, FBI headquarters—at the prompting of Acting Director Gray—undertook a reassessment of many of the agency's basic policies, including its role in covering subversive activities. A lengthy "position paper" was prepared which, in effect, concluded that the 1939-1954 presidential directives on which the Bureau has relied constituted a doubtful, and probably invalid, legal basis for "intelligence" inquiries. The study proposed that an effort be made to align the agency's

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domestic security investigations more closely with existing statutes and recommended that the Attorney General seek expanded statutory authority.

A majority of Intelligence Division supervisors and officials were strongly opposed to these recommendations and felt that the suggested "statutory approach" would cripple essential domestic intelligence coverage. Supporters of the proposals, however, included E. S. Miller, who had recently replaced Brennan as assistant director of the Division. Under Miller's direction, the basic policy guidelines in the FBI Manual of Instructions covering domestic security matters were completely rewritten. References to the 1939-1954 White House directives as a basis of jurisdiction were dropped and the new chapters instructed that investigations would be initiated only where information was available indicating that a subject's activities "may lead to a violation of" particular federal statutes. In addition, the revised guidelines ordered that all investigative reports be prefaced with a "statutory predication"—a statement listing the specific statute or statutes on which the inquiry was based.

The revamped Manual provisions did not represent a full-scale return to statutory limits. They did not restrict investigations to instances where an actual crime has been committed or is in the making, but required only that information be on hand indicating a subject's activities "may lead" to a violation. Nevertheless, the new instructions were a major step in the direction of a statutory basis as opposed to the broader "intelligence" approach which required no statement whatever of the legal grounds for investigation.

The rewritten Manual chapters were completed and sent through for the approval of Associate Director W. Mark Felt in January 1973. They remained in Felt's office for the next five months, although they were returned briefly on one occasion with a lengthy informal note voicing misgivings on Felt's part. He expressed concern that the "peremptory" discarding of the presidential directives as a basis for jurisdiction might be viewed as an admission that many of the FBI's past investigations were not warranted. In replying, Assistant Director Miller pointed out that it was unlikely anyone would challenge prior FBI investigations and that, in any event, the decisive factor was for the Bureau to develop a sound basis for existing and future investigations. The proposed new guidelines were returned to Felt's office, only to be filed away once again.

They might have lain dormant for a long time but for an unexpected development. For a number of months Senator Edward Kennedy had been trying to get hold of a copy of the FBI's Manual of Instructions, especially the provisions covering subversive investigations, for an inquiry his Senate subcommittee was conducting concerning electronic surveillance.

Kennedy directed his request to the Justice Department which, in the first week of June 1973, advised the Bureau that it felt Kennedy's request should be granted, but that they, the Justice Department, would like to look at the FBI Manual, too. It was a precedent even to make Manual chapters available to the Department. But with Senator Kennedy coming into

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possession of parts of it, there was concern that the material might soon thereafter be made public.

At this point neither Kennedy nor the Justice Department knew that Section 87, dealing with subversive investigations, had been under revision by the Bureau. But with the Department's advice about granting Kennedy's request, any uncertainty about whether the revised chapters should be adopted was swept away. Overnight the revised Manual chapters became a "special." Following rapid-fire approval by both Felt and the Acting Director, typists and print shop employees worked overtime to prepare and issue the new guidelines in final form.

Diana H. Walker

Clarence Kelley

A teletype was sent to all field offices (which had received no forewarning of these major changes in investigative policy and reporting procedures) ordering prompt implementation. The conclusion was inescapable that the "statutory approach," with its more restrictive guidelines, had won the approval of top FBI officials chiefly because of the possibility that the Bureau's procedures might soon become public.

This episode has been recounted in some detail because it typifies the dilemma confronting the FBI. Most agents, I think, would like the Bureau to enjoy considerable latitude in determining its domestic security coverage. But at the same time, many agents—especially the younger ones—are dissatisfied with the vagueness and lack of substance of a large percentage of intelligence investigations and are reluctant to handle them. Although headquarters officials are probably not aware of it, agents assigned to "subversive" or "extremist" squads, especially in the larger offices such as New York, which handles hundreds of these cases, make frequent requests for transfer to other work.

The Pseudo-Statutory Approach

The uncertainty of the FBI in domestic security matters can also be seen in its handling of such cases since June 1973, when the statutory approach was officially adopted. On the surface, everything looks fine. Sections 87 and 122 of the Manual of Instructions require explicitly stated statutory grounds for each investigation and there are pointed cautions against investigating any individual merely on the grounds that he opposes government policies. I am sure, in fact, that if these sections were quoted verbatim in tomorrow's *New York Times*, they would draw widespread approval from the public, Congress and the majority of the news media.

But in actual practice, the story is somewhat different. The statutory approach has had surprisingly little impact on either the quality or number of cases opened. The FBI is still conducting a large number of "intelligence" inquiries—although under a statutory veneer.

Key officials and supervisors, both in the Intelligence Division and in the field, have not shown much desire to enforce the new approach. A "statutory predication" now appears at the outset of all investigative reports, but frequently it bears only a dim resemblance to the subject's activities. The predication might show, for example, that the inquiry is based on informa-

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tion indicating that the subject's activities may lead to a violation of Sections 2383 and 2384 of Title 18, U. S. Code (rebellion and seditious conspiracy). But the only information adduced to support this statement is the identification of the subject as an officer of a chapter of the Vietnam Veterans Against the War at Buffalo, New York. The report then relates that members of the VVAW in New York City had previously engaged in a sit-down protest at the Statue of Liberty premises and that VVAW members in Florida had reportedly threatened violence during the 1972 national political conventions. No information is reported that would establish a connection between the subject in Buffalo and any rebellious or seditious actions (or even with the VVAW actions in Florida or New York City) or that would support a conclusion that mere membership in the VVAW implied a readiness to engage in such offenses.

I recall one report from a Midwest office concerning a black whose sole activity was affiliation with a local group whose stated objective was to promote the image and welfare of the black community. The report showed that this group had expressed verbal support for an international black power organization, some of whose leaders had urged an end to white imperialist oppression by "any means necessary." No specific actions of a subversive or violent character were listed, either on the part of the subject, his local group or the international black power organization. Nonetheless, the statutory predication cited the rebellion and seditious conspiracy statutes as a basis for investigation.

These examples do not represent isolated cases, but are fairly typical of a large number of the FBI's current investigations. They represent an effort to graft a statutory basis onto purely "intelligence" type cases. The effort is a failure in my view.

Aside from any legal or constitutional questions involved, such investigations are open to serious challenge on practical grounds. In most cases the inquiry develops little information of value, other than what was available to the FBI before investigation commenced, e. g., that John Doe is a member of SDS. In the typical case, the investigation centers on the acquisition of background data (birth records, education, employment, residences, military service, motor vehicle information, etc.) which is largely superfluous—but which at least is available—as contrasted with information concerning the subject's subversive or "extremist" activities, which is usually scarce, or nonexistent.

In many cases the investigation concludes with an interview of the subject. This rarely produces significant results, and field agents are reluctant to conduct them, since they have no clear-cut answers if the subject is curious about the basis of the inquiry.

The broad "intelligence" approach with its uncertain guidelines had other disadvantages. It tends to encourage opening large blocs of cases en masse—for example, all persons listed in an address book found on a Black Panther Party leader at the time of his arrest by local police; all black cab-drivers in a Southern city to determine those with informant potential; all individuals shown on a mailing list of a youth group affiliated with the Socialist Workers Party. (These are not hypothetical, but represent actual cases.)

On occasions the Bureau has been badly burned as a result of such strategy. A 15-year-old high-school student in New Jersey who had corresponded with an office of the Young Socialist Alliance learned she was under investigation following FBI interviews with school officials. In fact, she was not connected with the group but had only written to ask for material she planned to use in a high-school course. The girl's family subsequently sued the government and was awarded a settlement.

The relative ease with which a whole category of domestic security

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cases can be opened also serves as a constant temptation for Bureau officials to add new work rather than to reduce their staffs. The FBI is probably as tightly administered and as efficient as other government agencies, but its supervisors are subject to the same bureaucratic pressures which affect any large organization. In his testimony before the Church committee, former Assistant Director Brennan came perilously close to admitting that the need to sustain a high "caseload" in the Intelligence Division had been a factor in his decision to open 10,500 cases on student and black militants in August 1970. As a result of my experience at FBI headquarters, I am convinced that keeping up the caseload level was an important factor in other instances as well.

The important issue is not how many cases the FBI might have at any given time, or whether they belong either in the "intelligence" or "prosecutable" category, but whether they are of real value in safeguarding national security.

I remember a conference held during early 1974, in the office of Assistant Director W. R. Wannall, who had succeeded Miller as head of the Intelligence Division. The meeting had been called to consider a suggestion I had made to streamline the reporting of rank-and-file subversive and extremist cases. The session was uneventful until Wannall, who had been listening thoughtfully, suddenly spoke up.

"I sometimes wonder," he remarked, "whether it would have made any real difference if the Bureau had *not* conducted all of these investigations on individual rank-and-file members."

It was a casual remark aimed at no one in particular, but for a few seconds at least it had the effect of a bolt from the blue. It was apparent that the assembled chiefs had given little, if any, thought to the issue, and it produced an uncomfortable silence. Finally, someone recovered sufficiently to offer some generalities about the need for the Bureau to fulfill its internal security obligations and the conversation drifted into safer waters. Fleeting as it was, the incident struck me as a revealing glimpse of the complacency with which many FBI officials viewed existing policies in the domestic security area. I often wonder what might have happened if Wannall had pursued the point.

Cointelpro

No discussion of FBI jurisdiction in this field would be complete without some mention of the highly publicized Cointelpro (Counterintelligence Program) operations. In essence, Cointelpro was a systematic effort on the part of the FBI to disrupt the activities of a variety of groups regarded as subversive or extremist, including the Communist Party, the Socialist Workers Party, the Ku Klux Klan, the Black Panthers, and Students for a Democratic Society.

Cointelpro was initiated in 1954, at the height of the Cold War, as a highly confidential and selective program aimed solely against the Communist Party and its leaders. Through anonymous letters, the planting of rumors, and in other ways, efforts were made to sow discord, suspicion and rivalry between various Party factions or leaders. Steps were also taken to disrupt Party meetings and other

Answers to November puzzle:

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functions by such tactics as disconnecting the loudspeaker or air conditioning systems or putting out misleading information as to the time and place of an event.

From the outset Cointelpro was a complete aberration of the FBI's investigative function and a breach of a cardinal article of faith: that the Bureau was strictly a fact-finding agency. But in its early stages Cointelpro was at least limited to actions aimed at curtailing the effectiveness of the Communist Party—a group which in the atmosphere of the Cold War was regarded as a major threat to U. S. security. And there is no doubt that Cointelpro did damage the Communist Party, although to what extent it is hard to say.

Unfortunately, with any program judged successful, there is often a temptation to enlarge and extend it. Cointelpro was no exception. It began to include the harassment of individual Communist Party members, through tactics designed to cause employment, family or other personal difficulties. Then, during the 1961-68 period, FBI headquarters decided to launch Cointelpro efforts against the Klan, the Socialist Workers Party, black militant groups such as the Panthers and eventually against the whole melange of organizations falling within the broad orbit of the "New Left."

To make matters worse, the selective approach which had characterized Cointelpro operations against the Communist Party (for the most part involving only a handful of field offices and seasoned agents) was virtually abandoned. Cointelpro instructions were issued in circular letter form to all 56 field offices (including such surprised recipients as Anchorage and Butte), and each division was required to submit a progress letter at 60-day intervals summarizing recent counter-intelligence activities and projecting future plans.

I am quite sure that a majority of field agents were skeptical about Cointelpro, or even regarded it as downright silly, but each office had to go through the motions at least of complying with the directives from headquarters. In practice, a large number of Cointelpro activities consisted of nothing more drastic than posting an anti-New Left article on some college bulletin board or anonymously mailing a critique of radical student activities to school administrators. But a few offices took the instructions more seriously and undertook actions aimed at creating employment problems or family difficulties for particular subjects.

Cointelpro was abruptly terminated by Bureau headquarters in May 1970 with a terse two-paragraph directive to all offices. No explanation was provided to the field, but the reason for the project's sudden demise was obvious: several months earlier the FBI Resident Agency in Media, Pennsylvania, had been burglarized, probably by student or anti-war militants, and hundreds of Bureau communications taken. Copies of the stolen documents were mailed anonymously to newspapers and public officials and subsequently published. Included in this material was an intra-office memorandum prepared in the Philadelphia office which discussed a possible Cointelpro project. The FBI's immediate halt to all Cointelpro programs came too late, however, to prevent a persistent and ultimately successful effort by CBS newsman Carl Stern to acquire considerable detail about Cointelpro under the Freedom of Information Act.

Actually, Cointelpro proves little about FBI jurisdiction. From their inception, these programs were a total departure from the Bureau's normal policies and disciplines, and even those officials who supported the effort did not suppose that the FBI could claim any legal authority for them.

What Cointelpro does plainly demonstrate is the astonishing degree of independence the FBI had gained in the domestic security area. The Bureau was able to initiate an exten-

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How the FBI Tried to Fire a Schoolteacher...

In 1969 23-year-old Maude White was teaching pre-school children at Maury Elementary School in Washington, D. C. She had joined the Socialist Workers Party a year earlier while an undergraduate at American University. They wanted to do away with the military budget and spend the money on schools and hospitals instead, and that seemed like a good idea to her. So she joined the group and they would get together for occasional meetings. Maude White particularly liked the "educationals," when half a dozen members would get together and discuss the writings of Marx.

By this time Cointelpro was in full swing, and so the FBI was watching the Socialist Workers Party. That meant they were also watching Maude White. They were watching the apartment where she lived, the literature in the hallway, the occasional groups of youths who came for meetings, the one or two men who came alone and stayed the night.

Eventually the FBI decided that the best thing would be to get Maude White fired from her job. So on May 29, 1969, a letter was sent out to D. C. School Superintendent William R. Manning. The letter writer described himself as a resident of the apartment building where Maude White lived, but in fact it was the FBI.

"I bring this information to your attention," the letter read in part, "in order to protect the D.C. school system from the menace of a teacher who does not have the interests of the children or the country at heart. I am certain that a responsible school administrator would not allow a revolutionist to indoctrinate the fertile minds of grade school children."

The children Maude White taught were only four years old, and so they certainly never discussed politics. Nor was she fired, as it turned out. Superintendent Manning says today that he "pretty much ignored anonymous letters."

One wonders how many other employers were written similar letters and did not ignore them.

—The Editors

sive, risky, and highly questionable operation without consulting with the Attorney General. The Cointelpro project required only the recommendation of the Assistant Director in charge of Intelligence Division and the approval of the FBI Director. Again, had these posts been occupied by individuals other than W. C. Sullivan, assistant director of Intelligence Division, and Hoover, there might never have been a Cointelpro effort.

It should be apparent by now that the problem of clearly defining FBI jurisdiction and authority in the domestic security area—of allowing sufficient leeway for the Bureau to cope effectively with potential terrorists while avoiding the flaws of a broad "intelligence" approach—is not one the FBI can, or should, be expected to solve on its own. It is an issue for the Congress to resolve, working in conjunction with the Attorney General and with the advice of knowledgeable FBI representatives. It appears to me that three fundamental steps need to be taken:

First, Congress should enact a statute enabling the FBI to conduct intelligence investigations of domestic groups and individuals, even where a particular federal offense is not in-

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volved, whenever available information indicates such groups or individuals are planning to engage in or are actively encouraging the use of violent methods against the orderly functioning of the U. S. government and its subdivisions.

This would cover groups which are known to be involved in terrorist efforts, such as the Symbionese Liberation Army and the "Weathermen"; groups which are reported to be acquiring arms or explosives or engaged in paramilitary training, such as the "Minutemen"; organizations whose literature or pronouncements represent an incitement to violence against law enforcement personnel or other authorities, such as the Black Panther Party during the late 1960s; and groups alleged to be planning to provoke public riots and civil violence.

The new statute would not, however, authorize investigations of groups and individuals which have only a derivative or highly indirect connection with violent activities (e. g., the VVAW officer in Buffalo) or which urge major political changes but do not advocate violent means to attain their objectives.

Such a statute, supplementing the FBI's existing authority, would provide the Bureau with ample grounds to identify and track the activities of the groups and individuals which constitute a realistic threat.

Secondly, the Attorney General and appropriate Justice Department officials should take a far greater interest in FBI operations in the domestic security arena than has been the case for some 40 years (dating back to 1936 when President Roosevelt by-passed the Attorney General in ordering the first intelligence inquiries).

At a minimum, the Attorney General should issue general guidelines covering the scope and extent of FBI investigations. He should ask that the Justice Department be consulted prior to the opening of any major category of cases or in any sensitive areas. He should require that the FBI periodically furnish the Department a summary of FBI domestic security activities, including estimates of the number of cases in each category, the resources and manpower expended and the results achieved. And the Attorney General should strengthen and professionalize the Justice Department's Internal Security Section.

Finally, FBI Director Clarence Kelley and senior Intelligence Division officials should be encouraged to continue the critical reappraisal of Bureau policies begun in 1972, which has generated the first useful discussion of these policies within the FBI itself in many years. ■

Sixth Annual Political Book Award

Each year **The Washington Monthly** recognizes the best book on politics and government published during the previous year.

Nominations close on January 15, 1976 for books published during 1975. The award will be announced in the Annual Political Book Issue to be published in March 1976.
Send nominations to: Book Award, The Washington Monthly, 1028 Connecticut Avenue, N.W., Washington, D. C. 20036.

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One of a series of reports on the first hundred years of the telephone.

The Bell System didn't just happen. It was planned, right from the start.

Thanks to Alexander Graham Bell, all nations have telephones. Thanks to Theodore Newton Vail, the United States has the world's best telephone system.

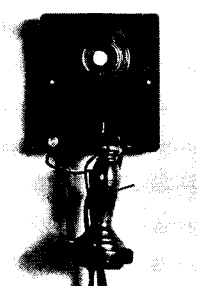
Alexander Graham Bell

Theodore Newton Vail

Theodore Newton Vail was the first General Manager of the Bell Telephone Company. He was hired in 1878, when the telephone was two years old, and 10,755 sets were in service, most of them in the Northeast. His vision of what the new invention could become equaled Bell's own.

Both men saw that the success of the infant telephone industry depended on offering customers an integrated nationwide telephone system. The goal, as Vail later phrased it, was "one policy, one system, universal service." "The strength of the Bell System," he wrote, "lies in this universality."

Vail's economic insight was remarkable for his day. He was managing a new kind of enterprise, one of the first of what we now call technological industries. He saw that technology gave birth to the telephone, and that technology also imposed new requirements on the managers of the business. Manufacturing telephones required a large commitment of capital, for specialized factories. Improving the telephone required coordination of research efforts, plus more capital for laboratories. Marketing the telephone successfully required reasonable assurance that supply and demand would keep pace with each other. Vail realized that the only way those requirements could be met was for management to plan every step of the enterprise, from sources of supply to customer orders.



Vail's ability to plan turned Bell's invention into the best telephone system in the world.

Contrast the case of the manager of a simpler business—a small bakery, for instance. The manager has great freedom. If cake doesn't sell, he can bake bread. If white bread doesn't sell, he can bake rye. There is no need to commit large sums of capital, since the same ovens serve for all three products. No research effort is required, since the recipes are well known. If the price of flour goes up, the manager can raise the price of bread immediately. If demand varies, he can bake more bread or

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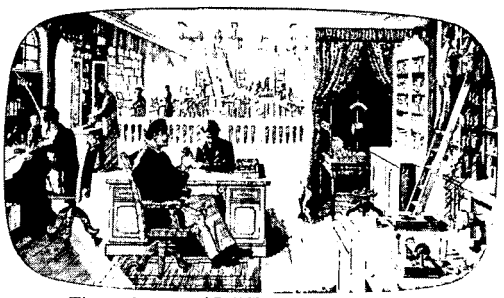

The predecessor of Bell Telephone Laboratories: the Bell company's Mechanical Department in the 1880's.

less. The technological industry, by its very nature, lacks such flexibility.

The first telephones were made in a Boston machine shop. Demand soon outstripped capacity, and firms in several cities were licensed to make sets under the Bell patents. Vail wanted closer integration of manufacture, to assure the company's service objectives. In 1881, the Bell company acquired controlling interest in the Western Electric Company of Chicago, and in 1882, made that company the manufacturer of Bell equipment.

This arrangement was desirable for a number of technical reasons: quality, reliability, standardization. Vail also had a strong managerial reason. The Bell company's business was providing telephone *service*. Success depended on having a dependable supply of quality equipment needed for the service, at a reasonable cost. By integrating manufacturing within the Bell company, Vail took a long step toward that goal.

At this point the groundwork was laid for a nationwide network. In 1884 the first Boston to New York line proved that commercial long distance telephony was possible—and profitable. Vail and his associates organized an additional company, whose corporate charter put Vail's dream in black and white. Its business was to be "constructing, buying, owning, leasing or otherwise obtaining, lines...and equipment, using, operating or otherwise maintaining, the same....The lines of this association...will connect one or more points in each and every city, town or place, in...the United States, Canada and Mexico, and also by cable and other appropriate means with the rest of the known world...."

Despite all the progress made, Vail saw a basic threat to the industry. Although it was growing, the quality of the service it provided was deteriorating. Some of the earliest equipment needed to be replaced. Rapid expansion was causing growing pains. Vail knew these service problems must be dealt with. But the Boston financiers who determined company policy felt their primary duty was to maximize profit for investors. The financiers represented the thinking of the day; once again Vail's ideas were decades ahead of his time. In 1887, Vail felt compelled to resign. For the next twenty years, he followed telephone developments as an interested outsider.

In 1893 and 1894, the Bell telephone patents expired. New telephone companies sprang up almost overnight, many of them in cities already served by Bell companies. Since the wires of the new companies did not connect with Bell wires, their subscribers could not talk with Bell subscribers. In order to be in touch with all the telephones in town, stores and offices had to have two telephones. That meant two directories, two sets of wires—and two bills. Nevertheless, demand for all telephones was soaring.

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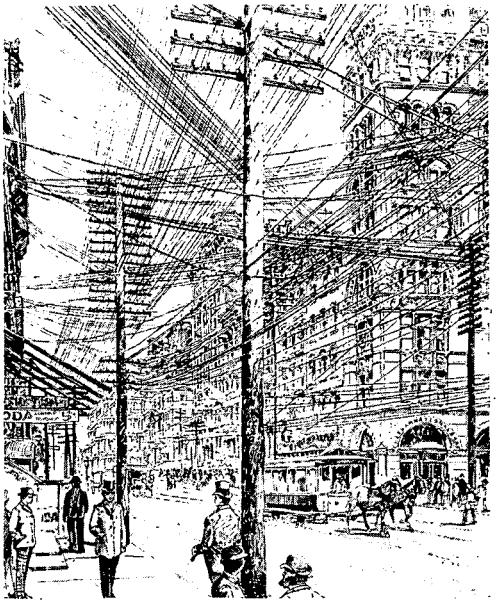

Broadway and John Street, New York City, 1890. Vail succeeded in getting the city's wires put underground.

The new companies grew, the Bell affiliated companies grew, the confusion grew.

Growth brought financial problems. Earnings, handsome as they were, were insufficient to finance such rapid expansion. (The telephone industry is a capital intensive industry.) Bell management borrowed more and more money from big banks. By 1907, lenders were getting hard to find. Then came the Panic of 1907. To protect their interests, the bankers demanded that telephone management invite Vail back to run things. Vail accepted the invitation. That year there were 3,132,000 Bell telephones in service.

Vail's return to command restored the financial community's confidence in the Bell company, so towering was the reputation he had built. Improving the quality of the service was his first concern. He made sure that concern was understood by Bell people throughout the land. Thanks to their efforts, and investment in needed equipment, service improved.

Further improvement depended on improving telephone technology. Research was going on in various parts of the company, in various cities. To encourage better planning and coordination, Vail unified the research effort. And he directed the researchers to examine at once a new device, the audion tube invented by Dr. Lee De Forest. Working with De Forest, telephone researchers developed the vacuum tube electronic amplifier, which greatly extended the range of long distance service, and led in time to commercial radio and television.

Duplicate telephone companies in various towns were incompatible with good service. Waterworks and electric companies were recognized as "public utilities," granted exclusive franchises for geographical areas. Vail believed that same reasoning applied to the telephone industry. He set out to eliminate the duplication by buying out the rival companies where that was possible, or selling out to them in some towns if that was the only way. In 1913, as a step toward universal service, he agreed to allow the independent (non-Bell) companies to use the Bell long distance lines.

Now Vail could speak confidently of a *telephone system* rather than a large number of isolated, unconnected telephone companies. He was the first to use the phrase "Bell System." He could look to the day when telephone service would be well within the means of the average American. And that gave him the final element in his planning: he could make long-range estimates of the needs of his customers.

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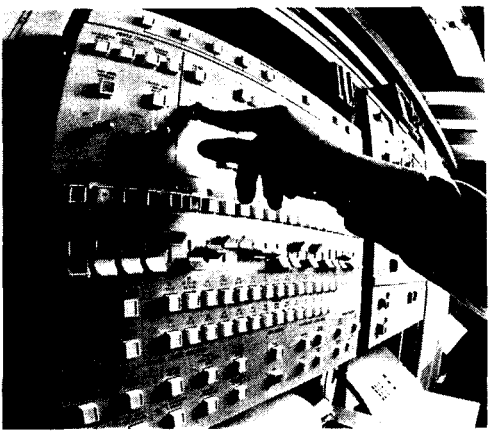
The chain was complete: research and development, an efficient source of supply in the Western Electric Company and total responsibility for installation, maintenance and repair in the local companies.

Because Vail could plan in this way, the company could invest the necessary millions in equipment for current needs, and in research for predictable future growth.

The Bell System continues today in the pattern Vail set. Not as a matter of tradition, but because the concept works. We are planning today American telephone service for the 21st Century. Western Electric and the associated Bell Companies are installing new electronic switching systems nationwide, which make possible many additional telephone services. Scientists and engineers at Bell Laboratories, birthplace of the first electrical digital computer and the transistor, are working now on new technology to transmit telephone calls on a beam of light, to handle calling volumes expected by the year 2000.

Research, manufacturing, operations —one Bell System, a planned approach that works. Efficiency and productivity are well ahead of the average for all other



Electronic switching systems, a thousand times faster than the equipment they replace, are now being installed across the nation.

industries, the system is the best in the world. There are two tests you can make yourself to see if the Bell System really works: Compare telephone prices to the price of almost anything else over the past twenty-five years. Long distance service is one of the few things that have hardly gone up at all. Other telephone services have gone up far less than the price of almost anything else you buy. The economics of a planned telephone system have surely been to the customer's benefit. What about the service? Well, just pick up your telephone. Call any number in the United States.

The best telephone system in the world didn't just happen. It was planned that way.

One Bell System. It works.

Bell System

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Memo of the Month

MEMORANDUM

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION

TO : Mr. Hugh McKenna
Acting Associate Commissioner
for Program Operations

DATE: MAY 14 1975

REFER TO: IAD-1

FROM : F. D. DeGeorge
Acting Associate Commissioner
for Management and Administration

SUBJECT: Slots and Positions for DSCP People who go to OPO

I understand that you are concerned about the impact that taking people from DSCP would have on the organizational and position structure within OPO. I also have heard that people in OPO aren't clear on the arrangements for transfer of position ceiling for DSCP people.

First, let me confirm "for the record" that any DSCP employee who leaves OMA may take his position ceiling with him. The mechanics of this may be arranged between OPO staff and the Office of Financial Management, OMA.

When it comes to the placement of DSCP people, particularly where there may be grade level or organizational problems, I think the first question we have to ask is: where in SSA can each affected person best use his skills and make the best contribution? When that's answered, the next problem we face is any organizational or classification barrier there may be to the placement--and we will have some problems in OMA as well as OPO and the other components. Let me assure you that we in OMA will be flexible and go the extra mile where we can to establish positions for people if this is what is needed to get somebody working in the right place or to avoid a RIF. I can understand that you may be reluctant to agree to placements in areas where you haven't decided how to go organizationally; but I think there are a number of ways to make interim placements without committing to permanent PD's or organizational structure. People may be detailed to functions for 120 days; temporary positions can be set up, etc., and this should give ample time for the organizational details to be worked out.

Please let me know if you'd like to discuss.

F. D. DeGeorge

cc:
OMA Components

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Mumbling It Through

by Ann Cooper

Shortly after the morning prayer on Thursday, September 11, 1975, Peter Peyser, Republican congressman from New York and the House of Representatives' most vocal critic of the federal tobacco price-support program, walked off the House floor to chat with a reporter in the chandeliered, lavishly decorated Speaker's lobby.

He spoke to the reporter for two minutes and then headed back to the cavernous House chamber, where about 50 of the nation's 435 representatives had gathered for the mundane morning business that congressmen must dispense with before they turn to important matters.

A couple of tobacco-state congressmen strolled up to Peyser. "Gee, Pete," one said, "we appreciate your help on that vote."

Ann Cooper is a reporter for the Capitol Hill News Service.

"What vote?" Peyser asked.

He was told that during the two minutes he was off the floor the House had brought up and passed a controversial bill raising tobacco price supports—a bill that tobacco-state legislators claimed was necessary to aid small tobacco farmers strapped by inflated production costs.

"The thing that burned me is that I was standing right out in the hall," Peyser would say later. "This is an absolute disgrace. I think it is a sneaky way of doing it."

Peyser calls it sneaky. Rep. John Breckinridge of Kentucky calls it "a parliamentary procedure known as 'mumbling it through'." Officially it's known as "unanimous consent"—the procedure frequently used for routine business and for quick approval of non-controversial measures. Someone requests permission to bring up a bill, and if no one speaks up, the Speaker

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bangs his gavel and—poof!—it's passed. There is no debate, there are no amendments, and the whole process takes less than a minute. Quite often those on the floor don't even know what was brought up.

Tobacco-state legislators used the unanimous consent procedure for price-support legislation with just this inattention in mind.

'I Ask Unanimous Consent'

Because of the health problems now linked to smoking, the price-support program—which guarantees tobacco farmers a minimum price for their crops—has become controversial, and the chances of passing a price-support increase using the normal parliamentary procedures of the House are slim. But getting an increase approved by unanimous consent wasn't quite as easy as it may have seemed to a reader of the next day's Congressional *Record*.

In the first place, the bill for the price increase was passed last August by the House Tobacco subcommittee. There wasn't much opposition here because there are only eight members of this subcommittee, and they are all from tobacco-producing regions. Six of them came back from their constituencies during the August recess and approved the bill 6 to 0.

The bill then went on to the full House Agriculture Committee and again received a friendly welcome. It passed unanimously, although Rep. Peyser, who has also opposed rice and peanut support programs and would have opposed this one, was not present.

The next step was for the proponents of the legislation to approach the House leadership to get its informal blessing. The leadership has to agree to recognize a bill and to let it come to the floor without objection. Accordingly, Walter Jones (D—N. C.), who is chairman of the Tobacco subcommittee, Carl Perkins (D—Ky.) and Charles Rose (D—N. C.) paid a call on Reps. Carl Albert, Tip O'Neill and John Rhodes and were given permission to proceed.

On September 10, the night before it would be brought to a vote, the bill was introduced with no fanfare in the House. Secrecy was of the utmost importance, so as not to alert possible opponents of the measure who might then be present and attentive the following day. The secrecy was observed. When Walter Jones of North Carolina introduced the bill he didn't even tell his fellow Tobacco subcommittee members.

The next day the bill was brought up for a vote. Its supporters had to be sure that no opponent was on the floor of the House at the time, since only one negative vote would kill the measure. Peyser was at his desk, but the tobacco-state legislators saw their chance when Peyser went out to have his brief chat with the reporter.

Jones rose to his feet. "Mr. Speaker," he said, "I ask unanimous consent for the immediate consideration of the bill (H. R. 9497) to amend the computation of the level of price support for tobacco."

The clerk then read the title of the bill.

"Is there any objection to the request of the gentleman from North Carolina?" asked Speaker Carl Albert.

There was no objection.

And so the clerk read: "Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled that Subsection B of Section 106 of the Agricultural Act of 1949, as amended, is further amended by striking the words 'three calendar years immediately preceding the calendar year in which the marketing year begins for the crop.' And in lieu thereof, the words 'three marketing years immediately preceding the marketing year.' "

"Mr. Speaker," Rep. Jones observed, "this bill only changes one word in the present law—'calendar' to 'marketing'. In other words, we go from three calendar years to three marketing years."

Thereupon the bill was ordered to

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be "engrossed and read a third time," which was done; the bill was passed, and a motion to reconsider the bill was tabled. Right about this time Peyser started to head back towards the House chamber. Ever since the Agriculture Committee vote Peyser had figured the tobacco-state legislators might try the unanimous consent move. He contends that it is the only way they can pass tobacco price-support legislation these days; they managed to do it late last year when he was off the floor for a while, but the Senate never got around to voting on that bill. The problem, as Peyser told a reporter, is that a congressman can't be on the floor every minute the House is in session.

To help remedy this problem, each party has what are known as "objectors"—representatives assigned to keep a constant watch on the floor to stop just such moves. But this particular morning, for some reason, the Republican objectors, on whom Peyser had relied in the past, let him down. When he walked back into the chamber, not one objector was in sight. An aide to one of the tobacco-state legislators said that the objectors, like the leadership, were informed in advance and consented to let the tobacco bill go through.

Unwritten Senate Rules

Four days after the House passed it, the bill was thrown into the lap of Senator Walter Huddleston of Kentucky, who heads the Senate Agriculture subcommittee with jurisdiction over tobacco legislation. As did the bill's proponents in the House, Senator Huddleston saw the opportunity to use a few parliamentary strategies that are not in Roberts' Rules. Huddleston had his eye on the calendar, where he saw that the following Monday was Yom Kippur, a Jewish holiday. The Senate was to be in session that day, but it was understood that no significant legislation would be considered, which meant that senators could feel free to go home. As far as tobacco legislation is concerned, two of the most important senators are Edward Brooke of Massachusetts, who opposes tobacco price supports on health grounds, and Frank Moss of Utah, a Mormon, who is regarded as the Senate's leading tobacco critic.

The normal procedure when a bill arrives at the Senate is for it to be sent to committee—in this case the Senate Agriculture Committee, where some observers feel it would have died a natural death. But Senator Huddleston took the less common step of having the bill "held at the desk," the first move in his plan to get the bill passed by unanimous consent on Yom Kippur. Bills that are held at the desk can, in other words, be brought up for immediate vote on the Senate floor, but they can pass only if there is no dissenting vote.

Clearly it is easier to pass legislation in this way if few senators know what is going on: opponents, unaware of what is up for consideration, will not make any extra efforts to be present. So Huddleston moved discreetly. To have the bill "held at the desk" required Senate leadership approval, and the parliamentary exchanges between floor and leadership in these cases provide a further illustration of "mumbling it through."

"No one knows what's going on unless they happen to be on the floor at the time, and even then it's often hard to hear," one Senate aide said. But the day after Huddleston moved to have the bill held at the desk, Senator Brooke noticed the small entry in the Congressional *Record* on the tobacco bill, and he immediately put his "hold" on the bill. Any senator can put a "hold" on a bill at any time, meaning that it can't be brought up for a vote if he is not on the Senate floor.

Senator Brooke then felt free to leave on a planned trip to London with Vice President Nelson Rockefeller. Not only did he have his hold on the bill, but he had also been led to suppose that no significant legislation

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would come up on Yom Kippur.

As Huddleston proceeded with his plan, he had to bear in mind what is perhaps the primary unwritten rule of the Senate—"gentlemanly conduct" between its members. This meant that before he could bring up the tobacco legislation, hopefully for a "unanimous consent" vote, he would have to track down Senators Brooke and Moss and warn them that the bill was coming to a vote.

So on the morning of Yom Kippur, Huddleston made a transatlantic phone call to Brooke's London hotel. Precisely what Huddleston and Brooke said to one another only they know, but Huddleston, in any event, understood that Brooke had taken his "hold" off the bill.

A second unwritten rule of the Senate is that if you are the only senator holding up the passage of legislation, and you are not able to be present to make your view heard, then you don't hold up legislation. Brooke felt himself to be in this position, and so took off his hold.

An aide to Senator Brooke says, however, that when Brooke returned from London to Washington the next day, he was surprised to find that the sequence of events in the Senate had not been precisely as he had understood it would be in his phone conversation with Huddleston.

"This legislation was a good example of how these informal Senate rules can break down," an aide to Senator Brooke said.

Huddleston also called Senator Moss, who was back home in Utah. Unlike Brooke, Moss had no forewarning that this bill was coming up for a vote, so he had not put a "hold" on it. But like Brooke, Moss was constrained by the same unwritten Senate rules. If he had been in Washington, Moss would have prevented unanimous consent by casting a "no" vote. Every year for the past five years Moss has introduced legislation to stop tobacco subsidies or phase them out. But Moss was in Utah, at best seven hours away by plane. "The question is, did Senator Moss have any option in the matter," said Moss aide Ed Merlis. "He could have put a hold on the bill, even though he was in Utah, but he couldn't have been present to implement that hold by voting in the Senate. So he didn't put a hold on it."

Thus the rule of senatorial courtesy whereby senators can put "holds" on bills was, in Moss's case, canceled out by the other rule whereby senators don't block legislation when they are absent. Walter Huddleston of Kentucky had won the day. He was in luck, as he would later admit, having found what was perhaps the only day he could have made a successful unanimous consent move.

'How Do You Explain This?'

Late in the Senate session on Yom Kippur, then, Senators Huddleston and Ford of Kentucky, the Senate Majority and Minority Whips (Byrd of West Virginia and Griffin of Michigan), and Senator Strom Thurmond of South Carolina became the only Senate witnesses to passage of the tobacco bill by unanimous consent.

"Mr. President," Senator Robert Byrd declared, "at the behest of Senators Huddleston and Ford, the two distinguished Kentucky senators, I ask unanimous consent that the chair lay before the Senate a message from the House of Representatives, on H. R. 9497."

The presiding officer, Senator Jesse A. Helms from North Carolina, duly laid H. R. 9497 before the Senate and said: "Without objection, the Senate will proceed to its consideration."

Huddleston spoke next. "The wisdom of having a tobacco production-control and price-support program is not in question," he said. "The issue has been debated in Congress, and is provided for in permanent legislation already on the books. The tobacco price-support and production-control program provides protection to the over 580,000 tobacco-producing families in the United States . . . ." He continued for a couple of minutes in this vein.

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Senator Griffin then replied, noting "briefly, for the record, that we have been checking on this legislation with members of the Committee on Agriculture and Forestry. We find that it is a bill somewhat less controversial than a bill that passed the Senate earlier on the same subject matter, and that so far as we are able to determine, the Committee on Agriculture and Forestry is not opposed to it, and has indicated that it is all right to pass it in this manner. So I just say that for purposes of the record."

Huddleston replied that the legislation was "milder" than what had already passed the Senate. Finally, Senator Thurmond stood up, proclaimed the importance of the bill, and urged its passage. The bill was then read a third time and duly passed.

There followed several weeks of bitter exchanges between Secretary of Agriculture Earl Butz and tobacco-state legislators. The Department of Agriculture had been critical of the legislation since it began its life back in the House Tobacco subcommittee. The Department claimed that the bill would make domestic tobacco less competitive in price and would cost the government an additional $50 million in repayable loans. Butz recommended that President Ford veto the bill.

The ensuing White House meetings were themselves unusual for legislation involving such small sums. President Ford held two separate meetings, the first with Senators Helms and Huddleston, who argued that the legislation should be allowed to stand. Secretary Butz was also present, and he made available to Ford an editorial in a Durham, North Carolina, newspaper which normally supports tobacco interests, but opposed this particular bill on the grounds that it had been passed by legislative sleight of hand. "How do you explain this?" Ford asked Huddleston, pointing to the editorial.

Ford then met with Senator Brooke (who already had sent the President a telegram urging a veto) and ten other Republican senators, as well as Reps. Peyser and Albert Quie of Minnesota, all of whom urged a veto. Ford accepted their recommendation and vetoed the bill.

Defenders of the legislation claimed that Butz had given Ford wrong information, but what made the legislators much more emotional than Butz's "misinformation" was his attack on the legislative tactics used to maneuver the bill through Congress. "The legislative route this bill took . . . was covered by a cloak of secrecy and legislative chicanery," the Secretary told the House Agriculture Committee when he announced he would recommend a veto.

"Mr. Butz should stop being a crybaby just because he got outmaneuvered in Congress," shot back Huddleston in a press release. "The methods employed in passing this bill constitute legislative skill, not legislative chicanery. The procedures were unusual, but they were perfectly legitimate."

Legitimate or not, Butz and the President prevailed. President Ford threw the bill back at Congress without his signature, saying, "I believe this bill would adversely affect our tobacco exports, lower farm income in the long run, and increase federal spending at a critical time in our economic recovery."

Actually, the net cost of the tobacco price-support program has been only about $60 million since it began in the 1930s, according to a spokesman for the Department of Agriculture. And market prices for burley tobacco this winter are expected to average above the increased support level the bill would have put in effect, which means the federal government will spend little or no money for the support program.

Oddly enough, in the whole debate few people mentioned that the program supports a product that the Department of Health, Education and Welfare will spend $2.5 million to warn Americans not to smoke this year. ■

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A Report From the Wiretap Subculture

by James M. Ellison

There is a wiretapping industry in the United States. For nearly three years I was part of it. I worked as a writer and editor of training publications for two interlocking companies in Fort Lauderdale, Florida: Audio Intelligence Devices (AID), which manufactures bugging equipment, and the National Intelligence Academy (NIA), which teaches policemen how to use the bugging devices.

What I saw at NIA/AID convinced me that one of the apparent lessons of Watergate should be taken very seriously: the use of wiretapping for domestic surveillance goes hand in hand with a more general disrespect for the law.

Audio Intelligence Devices is a manufacturing facility. It produces a complete arsenal of wiretapping and room-bugging equipment. The devices range from tiny telephone transmitters, designed to replace the carbon microphones in telephone handsets, to complete "attack kits" called Unitels. The Unitels include microphones, concealable transmitters and receivers and a recorder—all neatly disguised in a standard Royal Traveler attache case. (A secret microphone in the exterior of the case is optional.)

The National Intelligence Academy is neither national nor particularly related to intelligence. It is, however, an academy, a sort of finishing school for would-be plumbers. Its curriculum includes wiretapping, clandestine recording, microphone concealment and vehicular tracking. Its student body is comprised of municipal, county, state and federal agents, including many from states which prohibit their police agencies from using wiretaps and eavesdropping equipment.

While AID and NIA share the same building, they are separated on paper for tax purposes. From the street, it is an anonymous building, devoid of any identification beyond the two plain green obelisks at either end of the lawn. The address of one half of the building is 1300 NW 62nd Street, the other 1400. The only clear distinction between the two addresses appears on the huge letters painted on the rear of the building for the benefit of aircraft taxiing in from the adjacent Executive Airport.

Two men are responsible for the sibling firms. One man has the money and the other has the schemes and connections to put the capital to work. The money man is Leo Goodwin, Jr., son of the late founder of the mammoth Government Employees Insurance Company (GEICO). Goodwin is a multi-millionaire yacht broker and motel owner, with oil and lumber holdings.

With all his millions, the 57-year-

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old Goodwin looks like the night watchman coming in to pick up his severance check. A new employee once mistook him for the air-conditioner repairman when he found him poking around the ventilation system in the photo studio, dressed in baggy pants, open sport shirt and sandals.

In police circles, Goodwin is known as a police buff. He is an honorary member of several police organizations and claims to have been a Texas Ranger at one time. He carries at least one set of phony credentials manufactured by the NIA/AID graphics department identifying him as an agent of a New York Narcotics Agency. The authorizing signature on the ID was masterfully forged from an original by the NIA graphics supervisor, who boasts of his ability to duplicate virtually any signature with only a little practice.

Some people chase fire engines; Leo Goodwin pursues police causes, particularly the fostering of wiretapping. He claims he is interested only in helping law enforcement officials combat organized crime with the most sophisticated technology available. As he told the Ft. Lauderdale *News* last February, "We've got public-spirited people out helping to save everything from the sea otter to the yellow-winged butterfly. But who is putting money into saving and helping law enforcement?"

The eccentric Goodwin is not much of a manager, and without Jack N. Holcomb, he would not be able to play a prominent role in the police/wiretap subculture. Holcomb controls both AID and NIA, apparently oblivious to regulations of the IRS and the Florida Police Standards Board, which certifies the Academy. Both require that the school and the manufacturing facility be separate. But documentary evidence shows that tax exempt money from the Leo Goodwin Foundation regularly passes through the NIA into AID—in other words, from Jack Holcomb's left hand into his right.

Balding, round-faced Holcomb

T. Trout

conducts his business with almost manic energy. Even when standing in one spot, his entire body is in motion. He rocks forward and back on his slightly bowed legs, locking and unlocking his knees, giving the distinct impression that at any moment he will either fall flat on his face or break into headlong flight.

Holcomb is a veteran in the bugging business. He boasts of having free-lanced all over the country prior to the 1968 legislation that restricted wiretapping and bugging to police agencies. In 1969 he was deported from Anguila by British authorities as "a gangster-type element" involved in an abortive coup. One year later Holcomb turned up in Haiti. Two weeks before the Haitian Coast Guard revolted, Holcomb was ordered off the island, accused by the government press of being a U. S. agent.

In 1970, with Goodwin's immense wealth behind him, Holcomb set up his manufacturing plant in Ft. Lauderdale's industrial park under the name Audio Intelligence Devices, Inc. As the president of Audio Intelligence Devices, Holcomb's primary objective is to sell equipment. He also claims the title of consultant to NIA.

Holcomb's financial control of both organizations was established with the installation of George E. Martin as the secretary/treasurer of the Academy. Martin also doubles as the personnel manager for AID and NIA. Under his various titles Martin takes his orders from Holcomb and controls the NIA checkbook. Since AID's sales have often been insuffi-

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cient to meet its overhead, this financial arrangement has proven most convenient. Many of AID's personnel are simply paid with NIA checks backed by the tax-free Foundation.

All employees of AID and NIA are directed by Holcomb regardless of where their checks come from. Employees of the graphics, photography and technical writing departments are the most obviously exploited NIA personnel. Although the Academy was not operational until late 1973, they were being paid with NIA checks throughout 1972 and 1973. During those years they worked exclusively on AID equipment instruction manuals, advertising brochures and catalog sheets. My first nine months with NIA were devoted to these AID promotional projects. We even produced two color movies extolling the superior qualities and applications of AID's products for eavesdropping. When tax inspectors toured the facility, Holcomb quickly directed that all evidence of AID promotional projects in the graphics and writing departments be concealed and replaced with anything labeled NIA. When the visitors departed, it was AID business as usual.

A subsidiary in the NIA/AID empire is the Tradewinds Hotel on Ft. Lauderdale Beach. Although it has capacity for 100 students, the Tradewinds has never hosted more than 32 at a time. State tax officials were told that the hotel is used exclusively for housing students of NIA and thus deserved a real estate tax exemption as part of an educational institution. In reality Holcomb also uses it to accommodate AID sales personnel, potential customers and other companies in need of temporary quarters for promotional seminars. On occasion, overflow crowds from Goodwin's motel also have used the Tradewinds.

Everything about NIA is, under Holcomb's direction, pseudo-governmental. The title alone implies federal authority, an amusing fringe benefit to some employees. Mention of NIA as employer has been known to abort traffic tickets, expedite credit approval and elicit awed reactions from non-employees. The letterhead stationery, the vinyl binders for student training manuals, and the business cards of the instructors all bear a patriotic red, white, and blue eagle crest logo pirated from a catalog of government insignias. Deceptive credentials, modeled after those used by Drug Enforcement Administration agents, were fabricated to facilitate Holcomb's arrival and departure at airports. The ID emphasizes the words NATIONAL INTELLIGENCE at the top of the card, while the word "Academy" appears in smaller type of another color elsewhere. Since there is no federal agency of the same name, Holcomb cannot be accused of impersonating a federal agent, but the effect is the same.

Phony Procedures

The NIA is supposedly governed by a board of directors which, in compliance with the Police Standards Board of Florida, establishes the criteria for admission to the two-week basic course in technical surveillance. Theoretically, the board also approves the curriculum for the Academy. In reality, Holcomb has the final word. As for teachers, the Academy has employed ex-CIA, ex-Customs Bureau and retired military intelligence agents. In 1973, internal feuds over Holcomb's control of the Academy forced the federal people out, and a new staff was hired. The school is now

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staffed mostly by former Florida policemen.

According to the Police Standards Board-approved guidelines, NIA enrollment is limited to career law enforcement officers with a minimum of two years in narcotics, vice, intelligence, organized crime or criminal investigation, or in internal security. Each candidate's application requires three fingerprint cards, two standard mug shots showing police department identification in the photo and the signature of the commanding officer of the sponsoring agency. The completed application and other materials are supposed to be sent to NIA 30 days prior to the start of the class for which the officer applies. A $760 tuition fee is payable upon arrival.

NIA's promotional brochures warn that all applications are reviewed by an academic selection committee which reserves the right to refuse admission to any candidate. The imposing list of admission requirements and procedures, with the implied background investigations of the candidates, has been cause for concern for some students. One applicant confessed to a 15-year-old misdemeanor charge (convinced that it would be discovered by the exhaustive investigation of the committee). He needn't have worried. NIA's screening process is only on paper. There is no selection committee, and there are no background investigations. Even the paperwork requirements meant to prevent bogus cops and private investigators from attending the school are largely ignored. The fingerprint cards, if they are received at all, are filed away with no attempt to verify identity. A few students have been accepted on the strength of a phone call requesting immediate admission and arrive with no application, no fingerprint cards, photographs, letters of authorization or any other proof of identity.

By far the most interesting fact of NIA's recruitment is its indiscriminate acceptance of police from all states. Many states have outlawed wiretapping and other types of bugging completely. Police from California, Kentucky, Louisiana, Michigan, Montana, North Carolina, and Ohio—states prohibiting their investigative agencies from wiretapping—have been accepted and trained at NIA. Police chiefs and sheriffs sending agents to the school do not volunteer information on their state laws, and NIA is not about to ask. AID manages to sell telephone-tapping equipment to the same departments, knowing that they are forbidden by state laws to possess or use it.

Outside the Law

The trainees themselves are aware of the laws of their own states but are eager students nevertheless. Their stories about previous exploits indicate they have conducted illegal taps. Even those from states with enabling statutes boast of having conducted taps and intercepts without benefit of required court order. One Dallas agent informed me that he used illegal intercepts as a matter of course, since it was the only way to catch any criminals. Two Michigan officers who took part in the conversation agreed that sometimes the police had to step outside the law in order to be effective. They ought to know; both were from a state prohibiting taps. The day after their admissions to illegal intercepts, the same two officers brought me several pieces of equipment, including a concealable body transmitter and a telephone tap transmitter, and asked that they be serviced. All of the equipment was of AID manufacture.

This lack of ethics in training non-authorized personnel in highly sensitive areas has caused some dissension among staff members at the Academy. But the purpose of NIA is ultimately the promotion of AID equipment, and screening students by states reduces the sales market. I once asked the director, Ronald E. Stanley, about the propriety and consequences of such training. "What they do with it when they leave here is no concern

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of ours," he said.

Such indiscriminate training was, however, a concern of the presidentially appointed National Commission on Wiretap Laws. The Commission subpoenaed Jack Holcomb as president of AID and consultant to NIA in June 1975. Claiming that release of such records would jeopardize police operations, Holcomb declined to produce NIA's enrollment statistics. He had a better reason for refusal. The records show that at least 25 per cent of the departments being trained at NIA are from states prohibiting wiretapping or bugging practices.

The legal distinction between wiretapping and bugging has consistently been a source of trouble for NIA. In general terms, a "bug" means any clandestine eavesdropping accomplished with a device of some sort. Concealed microphones, hidden recorders, and tiny transmitters are used to bug a room. Small transmitters worn under the clothes, inside a necktie knot, or even in a fountain pen are among the bugs known as "body transmitters." AID's smallest room bug is barely over an inch long and is powered for up to eleven days by a tiny hearing-aid battery.

A "tap," on the other hand, refers specifically to the interception of both sides of a telephone conversation by means of a listening device attached to the telephone line. The tap may be inside the telephone itself, or it may be somewhere outside the building, in a pole can, or in a ground box nearby the residence of the phone being tapped. NIA demonstrates an AID telephone transmitter that requires no batteries, uses the phone company's own power, and is even labeled as a "Western Electric Noise Filter" in case a telephone repairman comes across it and considers removing it.

While most states permit police to bug under a court order, many draw the line at phone taps and will not permit them under any circumstances. Because of this distinction and the continuing furor in the aftermath of Watergate, the word wiretap has disappeared from NIA's approved list of terminology. An operational memo from the director instructed the staff to refer to wiretaps with the euphemism, "wire communications intercept" in all classroom presentations and written material.

Classroom D

Classroom D defies disguise. No pictures of Classroom D appear in the color brochure of NIA facilities distributed to police, and there is no mention of it in the text. The room is locked whenever telephone company personnel are in the building on service calls, and even the students are prevented from viewing it until the last few days of their training program. I was instructed to remove all photographs of the room from a facilities presentation to be shown to a reporter interviewing Director Ronald Stanley. A *Newsweek* reporter given a selected tour of the Academy was not permitted to view the room.

One look inside Room D explains the security that surrounds it. With materials from salvage yards, independent and Canadian telephone companies, and other unidentified sources, NIA has built a working telephone system. It includes samples of virtually every type of indoor and outdoor terminal block and access point the would-be tapper is likely to encounter. Aerial and underground cables are looped, spliced, color-coded and suspended with approved Bell telephone procedures. A hardware-bedecked telephone pole, mounted on an astro-turf mound, dominates the room. Elaborate wall murals add scenic backgrounds, depicting residential and business locales for the various types of phone installations.

In Classroom D the intricacies of the telephone system are laid bare to the student wiretappers. Instruction in technique is provided, and the students then practice on live lines with service equipment pirated from actual Southern Bell phone installations.

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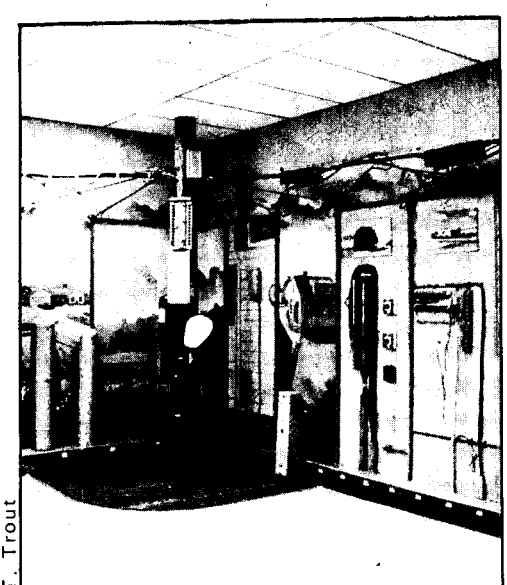
With instructors monitoring the phones, the students are graded on how quietly they can tap into a phone conversation already in progress. They are warned about booby-traps and alarm devices installed by the phone company. The course includes directions for every contingency, from lack of equipment to nosey telephone company personnel. Methods of deceiving operators into providing assistance are referred to as "games with Ma Bell." Director Stanley informs students that the best way to get up-to-date regulation equipment is to "follow a telephone company truck around until something falls off." This tongue-in-cheek reference to the theft of phone company tools and accessories is not lost on the students, who abound with humorous tales of their own acquisition of equipment from less-than-watchful phone personnel.



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Classroom D

A staff suggestion that only students from states with enabling statutes be permitted in the room for instruction meets with a cold reception at the front office. If the California police can't learn wiretapping at NIA, they won't buy a telephone transmitter from AID. It is a simple matter of economics.

The legality of using wiretaps and bugs is, however, part of NIA's course material. It is exactly 1/80th of the curriculum. A lip-service hour of instruction is delivered by NIA president and attorney, Douglas Carlton. His lecture amounts to a warning that getting caught at illegal wiretaps or bugging may result in tougher legislation from Washington. Students are advised to check their local jurisdictions for prohibitions. Even this token nod to the law is questioned by AID sales people. In a memo delivered to the NIA director and read to the instructional staff, one sales representative complained that discussions of legality would not help sales of equipment.

Grading the Apprentice Buggers

The high point of the two-week training course is a day-long surveillance exercise, combining telephone recording, concealment of a body transmitter on an "undercover agent" meeting with drug dealers, and individually graded installations of room bugs in hotel rooms at the Tradewinds. Another employee and I played the roles of the two hapless drug dealers, doomed to capture at the end of the day. The exercise originally called for an arrest to culminate the day's events, but the "bust" was omitted when it became apparent that the students played the game with too much enthusiasm. On one occasion I was "captured" with a strangle hold and arm-lock, while my accomplice was subdued by a flying tackle from an overzealous trainee in need of a good grade. One student even went so far as to produce a shotgun for the arrest, in violation of the Academy rules that all firearms be surrendered upon registration.

The installation of room bugs was, for me, the most revealing glimpse of what we were training people to do. Once on the target, the two-man teams resort to hand-signals and whispers. (The point of "on-target discipline" is stressed so that the neighbors are not alerted to the presence of

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agents in the next-door apartment.) Creeping around the room on all fours, the students investigate potential hiding places, estimating where the victims of the intercept will be standing when they talk and then installing the transmitters in locations where reception should be best.

Desks and dressers are dismantled, and transmitters taped behind the drawers; hollow bed headboards are opened, transmitters installed, and the microphones fed through tiny holes drilled through the wood. Tiny "flea-power" devices are hung in the folds of floor-length drapes. Mission accomplished, the installers survey the room for any evidence of their entry, remove any sawdust or litter produced in the installation, and quietly steal away. They monitor on receivers set up elsewhere in the hotel while a drug deal conversation is reenacted in the room they have bugged.

'Our Select Fraternity'

The justification for police spying and the need for more sophisticated equipment given by Jack Holcomb and NIA Director Stanley is that organized crime cannot be stopped by other means. With this catchall defense for invasions of privacy, they dismiss any suggestions that tighter restrictions might be necessary to curb police abuses of the technology. Only communists and Mafia figures would benefit by tighter control, they say.

In his final address to several of the graduating classes, Director Stanley characterized the Congress of the United States as "potentially the most dangerous we have ever had." What he meant was that congressional awareness of the scope of illegal wiretapping may disrupt the market for his firm's services. Already, NIA graduates have been implicated in recent investigations into political uses of wiretapping in Louisiana.

Unfortunately, AID and NIA are not alone in the wiretapping industry. They only happen to be one of the larger interests. Other manufacturers range from one-man, garage-sized operations to well-financed subsidiaries of larger firms. Bell & Howell, for example, does not simply make slide projectors and movie cameras. Their "Special Operations Group" in Massachusetts is AID's largest competitor, and it was Bell & Howell equipment that was recovered from Nixon's plumbers.

Federal legislation known as Title III of the Omnibus Crime Control and Safe Streets Act of 1968 is supposed to regulate the use, manufacture, advertising and sale of wiretapping and electronic eavesdropping devices. Title III delegates to the states the right to further legislate on the use of intercepts, and many states have done so. The weakness of Title III lies in its apparent impotence in preventing manufacturers, like AID, from trafficking in outlawed devices in violation of state laws. And it is further hampered by the FBI's inclination to overlook any infractions which they deem useful to the law enforcement community as a whole. The responsible agencies seem afraid to prosecute violations for fear that they will lose the technology if the extent of the police abuses becomes known.

The National Wiretap Commission is currently completing a comprehensive study of the capabilities and abuses of existing equipment in the hands of the police, manufacturers, and private citizens. The Commission's report should be instrumental in revisions of state and federal laws controlling the use of such equipment. Hopefully it will result in enforceable laws to reverse the rising tide of electronic surveillance in this country.

Meanwhile, the NIA will open its doors to another class this month. And two weeks later they will turn out another group of alumni—eager to purchase AID products and expand the use of wiretaps and hidden microphones in their local communities. Skilled in the art of eavesdropping, they will join hundreds of others in what NIA's training director calls "our select fraternity." ■

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The Quote Circuit

by Tom Bethell

With the assassination attempt by Sara Jane Moore, it was high time to crank up the Quote Circuit. Two assassination attempts in three weeks, sandwiching the Patty Hearst capture —that's enough to make a nervous editor reach for his Rolodex containing a list of professors and pundits who can be relied upon to provide a quote, to discern the deeper meaning, to tie these apparently random events together with an explanation.

And so it was that a day after the San Francisco shooting *The New York Times* published a piece by Peter Kihss entitled "VIOLENCE FEARED BY PSYCHIATRISTS, They Voice Concern Over Alienated People's Views." Kihss quoted half a dozen psychiatrists. On the same day *The Washington Post* ran a piece by Stuart Auerbach entitled "COOL OFF PERIOD" quoting several more, two of them overlapping with the *Times* list.

The *Times* also ran quotes by eight other figures, half of them professors (three at Harvard), and Douglas Kneeland wrote a "Mood of San Francisco" piece, quoting liberally from Rev. Cecil Williams, pastor of Glide Memorial Church.

The Quote Circuit was humming along nicely. Then came *Time* and *Newsweek*, adding the comments of eight more psychiatrists, some of them overlapping with those quoted by the *Times* and the *Post*. In addition, *Newsweek* ran a separate Quote Circuit article, as had the *Times* several days earlier, publishing the views of "a wide range of Americans who have studied or had close personal experience with campaigns," addressing the question: "Should techniques of Presidential campaigning be changed?" Among those quoted were such familiar Quote Circuit riders as Kevin Phillips, Frank Mankiewicz and Richard M. Scammon—and only one psychiatrist this time, Lawrence Freedman of the University of Chicago.

The Quote Circuit was busy, all right, but several questions came into my mind. How does the Quote Circuit work exactly? How does one get onto it? Is this just a devious form of editorializing? Why are psychiatrists

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called so often on these occasions? And especially, how does a psychiatrist get onto the Quote Circuit—not necessarily an easy feat considering that there are about 26,000 psychiatrists in America, most of them dispensing a similar brand of wisdom. How, then, to rise above the common herd?

An inspection of *The New York Times*, *The Washington Post*, *Time* and *Newsweek* for a three-week period shows that in the related and sometimes indistinguishable fields of social psychology, psychiatry and sociology a fairly tightly knit group of doctors and professors currently dominate the Quote Circuit. For instance, on a list I drew up, Lawrence Freedman appears four times (in the *Post*, *Time*, *Newsweek*, *U. S. News*), Dr. Judd Marmor, president of the American Psychiatric Association, three times (*Times*, *Post*, *U. S. News*), Dr. Marvin Wolfgang, sociologist at the University of Pennsylvania, three times, Dr. Perry Ottenberg, psychiatrist at the University of Pennsylvania, twice, while another favorite was Philip Zimbardo, social psychologist at Stanford University, who seems to have a good rating at *The Washington Post*.

Nice for them, I was thinking darkly to myself. I mentioned the Quote Circuit to someone I know on *The Washington Post*.

"That's 'React,' " he said, explaining the newsroom mechanics. "Say it's an assassination attempt, the main story is 'Shoot.' One person does 'Shoot,' another does 'React,' another does 'Girl,' if it was a woman who did it, another might do 'Parents,' another would do 'Protect,' about the Secret Service protection. That's the way it works. 'React' is the story you're interested in. Broder keeps lists of names." David Broder is an associate editor at *The Washington Post*.

I called a man I know at *The New York Times*. "Do you keep lists?" I asked, imagining myself on the trail of a conspiracy.

"No, we don't keep lists," he replied. "There are no lists. The wrap-up is done by a generalist, and he'll go to the paper's specialists—reporters who have a special knowledge in a field. They'll give him names from their field. Or they might have names of their own. I used to kid Lesley Oelsner when she did criminal stories for us. A guy named Yale Kamisar at the University of Michigan cropped up in virtually every legal story she did. But he did have the ability to pull a complicated issue together succinctly.

"To see the way the *Times* does it," my man went on, "take a look at the latest major airplane crash in the U. S., for example. There will be the 'Overall' story, a 'Medical' story, 'On Scene' story, one by the Aviation expert, and a 'Reaction' story. It's marvelous."

"How do you mean, marvelous?" I asked.

"Marvelous in the sense that it's done very swiftly. Like a small book on the subject being put out overnight. It's done according to a formula."

"What about when Nixon resigned?" I asked. Nixon's resignation was a big moment for the Quote Circuit. At that moment an ambitious professor with his eye on the Circuit stayed close to the telephone; those already wired in merely had to put out press releases. Julian Bond, the Georgia state legislator who is known principally for appearing in print on these occasions, appeared in print.

"When Nixon resigned?" said my man, thinking back an aeon. "They had everybody around here calling up senators and press secretaries—anyone you could think of. It's kind of stupid."

"But I guess there was a need for copy," I said encouragingly. "You couldn't just print Nixon's speech by itself."

"With a major event like that, you have to have a lot of space devoted to it," he said, and a little light went on in my head. "So you hear the editors saying, 'Let's have a reaction sidebar.' "

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"Do you think there's a tendency for the reporter to arrange to get quotes that conform to his own opinion?" I asked.

"Well, let's be honest about this," he chided. "Of course it's possible to do that. If you've been a reporter you know that that happens all the time. You've done it yourself, right?"

I came to the conclusion that I was in fact fishing for a quote from him that would confirm my suspicions about a Quote Circuit conspiracy, and so I decided to call one or two English journalists I know. The British approach to news is not always the same as the American approach.

Paul Lewis of the London *Financial Times* was on the line, referring to the Quote Circuit as "a perverse offshoot of the doctrine of the separation of powers. A strict distinction between comment and news must be maintained. The reporter is not allowed to say so and so, but if he can get someone else to say it for him, then that's all right, you see. My feeling is a) this leads to bad writing, b) it's completely unconvincing—it would be better if the writer himself said the significance is this and the reasons are one, two, three. In the economic field it's really terribly bad. And of course there's a tendency towards political bias. Arthur Okun at Brookings, a dyed-in-the-wool liberal, is forever turning up with comments. Brookings is a Washington Quote Shop, you might say—the Treasury in Exile.

"But that's not the main point—the use of quotes to bias a story," Lewis continued. "Journalism is supposed to be more than a tape recorder business. There is no such thing as undisputed truth lying like a stone on the pavement waiting to be picked up. The correspondent has to provide his explanation of what happened, and if his bosses don't like his explanations, then they can get someone else. If the government announces a budget deficit, for example, then that's an immensely emotional and complicated issue. It can't be presented in a totally neutral fashion."

"There is that," said Stephen Barber, who for 13 years has covered American news for the London *Daily Telegraph*, "but there is something else—this is especially true of wire service reporting—and that is the passion for getting opposing points of view." Here he yielded up a tiny laugh, somehow suggesting that with all his years in Washington's National Press Building, Barber knew finally that the world and its ways were beyond redeeming. "If the Gospels had been written according to the rules of American journalism," he went on, "they would have had to give equal time to the devil."

Next I called Stuart Auerbach at *The Washington Post*. He wrote the Sara Jane Moore reaction story and had done a parallel story when Nixon resigned. He was one of the *Post*'s Quote Circuit experts, clearly.

"How did you get the names of all those psychiatrists you quoted?" I asked him.

"I specialize in medicine," he told me, thus deflating my fantasies about sinister directives coming down from the top. "You begin to know who to call. If you meet someone interesting in the course of doing a story you write down his phone number. You call up the American Psychiatric Association, in the case of the story you are referring to. You call up the psychiatric department at Stanford; you know they are strong. It's standard journalistic practice. Sometimes

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it's just a rewrite job, say when Nixon resigned."

"They put out press releases?"

"Sometimes they were written even before the resignation speech was made. I mean if you're going to stay in the union . . . ."

"Does the *Post* keep lists?" I asked.

"At the time of the impeachment Broder would draw up lists, say of Republican state chairmen, that sort of thing, and everything was happening so quickly at that time that the lists were kept up. So if you want to say there's an official *Washington Post* list you can say that, but basically the reporter doing the story makes his own contacts."

"Why are psychiatrists quoted so much?" I asked.

"It's a perfectly legitimate question, when you have a second assassination attempt so soon after the first, to ask 'Why?' Well, who are you going to ask why? Some people say we bow too much to credentials. But you know, we're reporters, we're not here to give our own opinions."

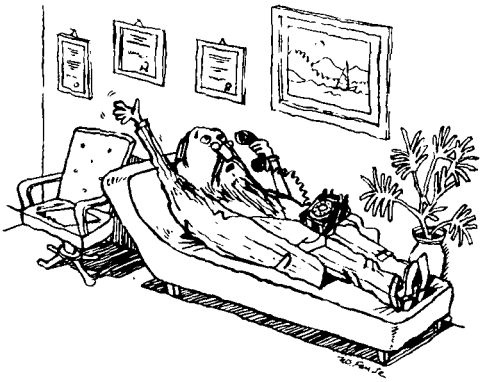
"How about Dr. Ottenberg?" I asked.

"I was very surprised," Auerbach told me. "But that's what he said."

Dr. Perry Ottenberg, a psychiatrist at the University of Pennsylvania, was quoted both by Auerbach and by Peter Kihss of the *Times*. In the *Post* he was quoted as saying that attempts are being made on Ford's life "because he is the symbol of a government that has alienated large numbers of Americans." Ottenberg went on to say that "it reflects the unresolved tensions of the Vietnam war, the lying and cheating of major agencies of government and the unresponsiveness of government to people's needs."

The *Times* provided Ottenberg with a platform to opine that government leaders' "lack of candor, their hypocrisy, their inaccessibility, manipulation of media, prolongation of a nasty, dirty war, lack of follow-through on many social and health programs" had "created a situation where desperate individuals may feel a certain legitimacy" to invoking violence.

Clearly the professor had strayed rather far from Freud. His comment about the "inaccessibility" of government leaders appeared grotesquely at odds with the circumstances under which Ford was shot at, and not really consistent with the advice of another psychiatrist, Dr. Judd Marmor, president of the American Psychiatric Association, that "it would be wise" for Ford "to be extremely careful in the immediate future."



The conflicting explanations provided by psychiatrists on these occasions certainly provide food for thought. Chicago psychiatrist David Rothstein, for instance, was given space in *Time* to speculate why likable Presidents (e.g. Kennedy, Jackson, Lincoln) attracted assassins, while disliked ones (Johnson, Nixon) did not. Rothstein concluded "that perhaps likable Presidents may be more vulnerable to attack, since they stir up the greatest hopes and thus the greatest potential for disillusionment in the minds of the deranged."

But this ingenious theory had already been knocked on the head a couple of weeks earlier, in the same magazine, by a different psychiatrist, Harry L. Kozol, who is director of the Massachusetts Research Program on the Study of Dangerous Persons. Kozol was reported as thinking "that Fromme may really have been striking at Nixon when she took aim at Ford." Another possibility, of course, was that Presidents Johnson and Nixon

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had kept prudently under cover during their presidencies.

"I would not initiate any of this on my own," Professor Ottenberg told me when I called him in Philadelphia. He had answered the phone himself, and told me that he had very little time to talk because he was between patients. "It would not be ethical to do so. What happened was the reporters called the American Psychiatric Association, and then headquarters gave out the names of half a dozen individuals, mine among them, thereby offering a selection process as well as a legitimization of the views of the Association. I regarded myself as a spokesman for the group."

"Which group was that again?"

"The American Psychiatric Association. I helped form a task force on social issues for the Association," Professor Ottenberg went on, "I've also worked with the Group for the Advancement of Psychiatry, was very briefly a consultant to the President's Commission on the Causes and Prevention of Violence. I am a psychoanalyst as well as a psychiatrist, and a professor at the university, so I have lots of credentials."

"How many reporters called you?" I asked.

"*The Washington Post*, *The New York Times*, a reporter for the Scripps-Howard group and a columnist in Washington," Ottenberg said. "And they all quoted me accurately. But it was amazing how the predilections of the writers determined what they quoted from what I said. They only quoted about one per cent."

The professor was speaking clearly, articulately, distinctly.

"I must go now because I'm keeping someone waiting. But call me back if you want to discuss it further."

Instead I decided to get a few quotes from someone who had been described to me as a Quote Circuit expert, Dr. Rae Goodell at MIT, whose Ph.D. dissertation, "The Visible Scientists," will be published next year by Little, Brown.

"My study was limited to scientists, so I can't tell you all you want to know," she said when I called. But, she told me, the most visible scientists, in the sense of being known to the general public, include Barry Commoner, Paul Ehrlich, Margaret Mead, Linus Pauling and B. F. Skinner.

"Robert Coles?" I hinted.

"No, his name did not surface as being that well known."

"Any psychiatrists?"

"I think Karl Menninger was the only one."

"Do these people you have been studying put out press releases?"

"Some do. Barry Commoner has been fairly aggressive. He was pretty pushy on the theme of the environment. It started out being fallout and then moved into other areas of pollution."

Rae Goodell told me that the "visible scientists" share certain characteristics: first, they are all highly articulate; secondly, they tend to be colorful in various ways, thus giving them "identity" in the media—Margaret Mead with her long forked staff, Ehrlich talking about his vasectomy, Dixie Lee Ray talking about her trailer and two dogs.

Another characteristic is that they all discuss issues that are perceived as being both relevant and controversial—I. Q., vitamin C and so on. And when discussing these issues they take sides, avoiding scientific neutrality. They tend to have solidly established scientific reputations, and they tend also (for that reason) to be above the average age for scientists.

"Do you know about Arthur Herzog, author of *The B. S. Factor*?" Rae Goodell inquired after telling me all this. "Perhaps you should talk to him. He wrote about what he called 'anything authorities,' people who appear on TV talk shows and so on. They would be Quote Circuit people."

I got quotes from one or two others, including PBS-TV talk show host Martin Agronsky, who said, "I have a rather low regard, by and large, for psychiatrists who extrapolate to

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the state of the national mind, sort of in a vacuum, without any personal knowledge of the individual concerned"; and Peter Kihss of *The New York Times*, who said that although the *Times* tried on these occasions to get a "cross section" of comments, they didn't necessarily have to "balance" each other. "My recollection is that there wasn't any great difference of opinion," he said. "That one assassination attempt might trigger others was essentially what they said. The effort was to get fellows who had some authority on the thing."

And that seemed like enough quotes for one article. The one point out of the many raised that seemed worth concentrating on, by way of a grand finale, is Auerbach's remark that "people want to know 'why.'" With certain big events, or events that fill a great deal of media space/time, the bare event does not seem to contain within itself an adequate explanation of its existence.

Thus when Saigon falls, at the end of more than ten years of American presence, there is a feeling that in addition to giving a bare description of the arrival of the North Vietnamese army, something else needs to be explained—a justifiable feeling in this instance. And so, by analogy, when the President is shot at (another big headline event), people feel that this needs to be explained, too.

This time, however, the demand for extra explanation is not necessarily rational. The "explanation" is sought because the potential consequences of the act—a new President, a new Administration, a new foreign policy—are out of all proportion to its cause, namely a disgruntled or deranged person squeezing a trigger. This, more than anything, accounts for the currently widespread search for a new "explanation" of the Kennedy assassination: We are expected to believe, according to the official explanation, that the Johnson Administration and all that it entailed, possibly including the debacle of Vietnam, was set in motion by one man who had quarreled with his wife; who had, as it were, gotten out of bed on the wrong side that morning, and found a gun lying there.

The cause doesn't fit the effect. But the fact is, when great power is vested in one man, as in the President of the United States, it is always possible that a small cause (a microbe in his blood, for example, leading to a fatal disease, leading to a new President, leading to a "Vietnam") can trigger a large effect.

In such cases many people will seek a new cause that is commensurate with the effect—seek, in other words, large and global explanations that thereby imbue the event with appropriate meaning. In the case of the Kennedy assassination, of course, this means looking for a conspiracy—preferably a large one. In the case of the two recent attempts on Ford, again a "larger" explanation is sought. Not merely Sara Jane Moore, not Squeaky Fromme, but something like *alienation in America* must be the cause.

And so we turn to the Quote Circuit, there to find one group for whom explanation is its very life blood and raison d'etre: psychiatrists. Peter Medawar, who won the Nobel Prize for Medicine in 1960, has said that in psychoanalytic circles "a lava-flow of ad hoc explanations pours over and around all difficulties, leaving only a few smoothly rounded prominences to mark where they may have lain," and this is pretty much what I have in mind. In its instant explanation of just about everything, psychiatry ends up by seeming to explain nothing.

Ford's being the symbol of a government that alienates can be presented as the explanation of why someone shot at him, but it could equally serve as an explanation of why no one shot at him the day before or the day after. (Everyone was too alienated to bother.) Explanations, then, are not always in order. And when the Quote Circuit provides them—beware. ■

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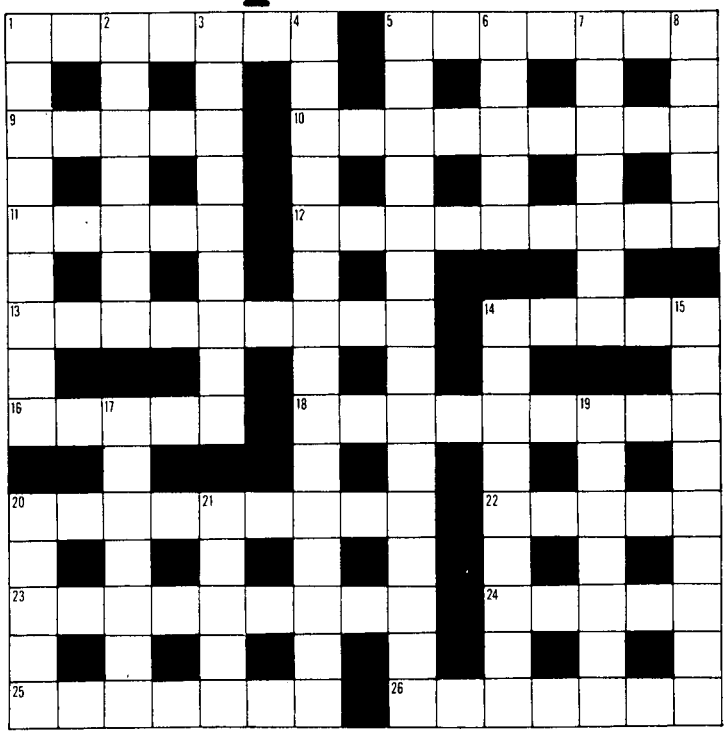
the political puzzle

by John Barclay



Across

1. & 5. Arrange flawed turkey on municipal disaster. (3,4,7)
9. South in need used not to be. (5)
10. Confused later name after Genghis Khan. (9)
11. Risk of about about in back talk back. (5)
12. Spasms upset chic hugs and nothing. (9)
13. Lo! Any plan pleases her. (9)
14. Reckon accounts with end of play in little, little dog. (3,2)
16. Backward physician surrounds simian and is forcibly connected. . . (5)
18. . . . and toy simian displays no friendship. (9)
20. How he talked after lip was hit. (4,1,4)
22. Sounds like Keatsian version of IOU. (3,2)
23. To reverse in a way is to go too far. (9)
24. He lacks intelligence to dot *i*'s. (5)
25. Some geese are trapped in dangers. (7)
26. Little Kentucky snore becomes Manhattan neighbor. (7)

Down

1. Unused resort through becomes Capitol reading matter. (9)
2. Idler found in Chippewa's trellis corner. (7)
3. Beaten when Pat led you around. (9)
4. Wooden informal Presidential advisory groups? (7,8)
5. Leaderless social gathering? (10,5)
6. Big trip in North Dakota? (5)
7. Gray nun upset is not. (7)
8. Non-winners in rows? (5)
14. Advertisement for fly pattern, for example? (9)
15. Car, rock and city. (9)
17. Sort of ten-part model. (7)
19. To list arrangement of time that is the last letter. (7)
20. Grown mixed-up, mixed-up. (5)
21. Congressional division could be emerald, we hear. (5)

The numbers indicate the number of letters and words, e.g., (2,3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word. Answers to last month's puzzle are on page 13.

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We Could Have Saved New York

by Charles Peters

We could have saved New York. That sounds pretentious, even outrageous, but we mean it. The reason for talking about it now, however, is not to pat ourselves on the back but to point out that much of what is wrong with New York is wrong with the nation and that the programs we have advocated are important, not so much for what they might have done for New York, but for what they still can do to save the rest of us.

What got New York into trouble? Free higher education, welfare, and the salaries and pensions of its public employees. Together they cost the city $4.5 billion a year more than it is reimbursed by the federal and state governments.

Over the last few years we have assembled in these pages a mixture of ideas—some liberal, some conservative, few original with us—which taken together would have saved New York most of that $4.5 billion.

Charles Peters is editor-in-chief of The Washington Monthly.

First we would have transferred the cost of higher education from the public to the student. In "A Way to Beat the High Cost of College" (April 1974), we recommended a program of loans to students repayable at two or three per cent of the students' annual earnings over a 25- to 30-year period. This would not only save the taxpayers the cost of supporting public institutions of higher learning, it would protect parents from bankrupting tuition payments and would encourage students to take their education seriously because they, not mom and dad or the government, would be paying for it.

A 1972 survey by the American Council on Education showed that although more than two thirds of the college seniors found their university experience largely irrelevant, about half were planning to go on for advanced degrees. One can't help suspecting that this kind of insanity, while partly based on society's excessive regard for paper credentials, is

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encouraged by the fact that under the present system someone other than the student is usually paying for his education.

Federal funding of higher education is consuming a steadily increasing share of the national budget. This year the higher education lobby was one of a handful with enough strength to overcome a presidential veto.

The other victim of the present method of financing our universities is the parent. He must ask some organization for sufficient salary to cover the room, board, and tuition costs of his children. This means he is denied the freedom to choose a job where the compensation is modest (unless it is so modest as to qualify his offspring for scholarships) even though it may be the job which would give him the most satisfaction and be the one in which he is of the best use to society. Of the hundred or so individuals who turned down employment at the Peace Corps, where I worked from 1961 to 1968, when government salaries were still within reason, all but a handful did so on the ground that they had or would soon have children in college. So, as far as attracting talented people was concerned, we didn't need general salary increases, but a specific way of taking care of education expense. I'm sure this remains true today and that its implication—that we don't have to give everyone higher salaries to solve the problem of the parent with tuition bills—also remains true.

Guaranteed Income

As for welfare, we have long recommended—beginning with an article in 1970—replacing it with a guaranteed annual income, or "negative income tax," to be distributed through the federal tax system.

This would do away with the inequity of burdening New York with the nation's responsibility for refugees from Puerto Rico and the South. New York is also the victim of another kind of unfairness in that it is almost unique among American cities in the share—25 per cent—it pays of welfare expense.

Fairness to New York is important. But there is also the issue of fairness to the American taxpayer, who is now supporting a vast array of income supplement programs—social security, railroad retirement, unemployment assistance, welfare, veterans' benefits, etc.—to the tune of $147.6 billion per year. Many of these programs overlap. Some are paid without regard to other income. You could be making $220,000 a year from dividends and still receive social security and unemployment compensation. I have received a veteran's disability payment for a back injury every month for 30 years, during some of which time I could have used any help I could get but during most of which it was not needed. The point is that the government should give a person money when it is needed and not when it isn't. We have invented categories for every reason for need except pure need, which is the one that counts.

A guaranteed annual income of $3,600 per year for a family of four would cost only $21.6 billion, and it would allow benefits to continue if the family had income from work so that the family could achieve a tax-free income of $7,200. The basic guarantee could be raised to $4,500 and the program would still cost only $30 billion. It's not hard to see that room remains for much more assistance to the elderly, the sick, and the disabled without coming close to the current figure of $147.6 billion, and the administrative cost of the negative income tax would be less than half that of the current welfare program alone.

Pat Moynihan almost got a guaranteed annual income through Congress in 1970 but finally lost out to a coalition of liberals, who were intimidated by George Wiley and his riot squad from the National Welfare Rights Organization, and conservatives who feared that everyone would stop working immediately upon the bill's

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Phyllis Crowley

passage.* They were joined by the welfare bureaucrats and, ironically, by the bill's godfather, Milton Friedman, who objected because it wasn't a sufficiently pure version of the negative income tax. There was hope that the measure would be revived, until May 1972, when George McGovern unveiled his own un-thought-out version, which Hubert Humphrey ridiculed with such effectiveness that the idea seemed to go into permanent hibernation.

Now's the time for responsible liberals and conservatives to revive it. The effort will not be easy. The hardest part will be finding a way to phase out the other income supplement programs with decent regard for the people whose expectations have been aroused by them and whose fears could be exploited by demagogues opposing the guaranteed annual income. Certainly people nearing retirement who have counted on making a comfortable package out of social security and other income should not at this late date have the rug pulled out from under them. On the other hand, people in their twenties and thirties would not be bothered in the least if they were told that there would be no more social security but that there would be a guaranteed annual income, and they would be positively ecstatic if the news were accompanied by even modest relief from the regressive social security tax.

Still, when you think about people in the 45-55 bracket, about the kinds of pressure veterans' groups can exert, you realize the headaches that will be involved in making the guaranteed annual income a reality. It will require the kind of statesmanship that congressional leaders brought to the task of quieting the idiot right and left during the debates leading to the enactment of the Marshall Plan. But if

*Their fears have been proved groundless by a negative income tax experiment conducted in New Jersey. See *Work Incentives and Income Guarantees* by Joseph A. Pechman and P. Michael Timpane (Brookings 1975).

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the fate of Western Europe was at stake then, the fate of America is at stake now. If the present income supplement programs continue unchanged, by 1980 one dollar out of every two the government spends will be spent on them.

Salaries and Pensions

The salaries and pensions of its present and former employees constitute the biggest drain on the treasury of New York City. In fact salaries and pensions cost the city twice as much as the combined burden of welfare and higher education. New York City teachers, according to a recent *New York Times* survey of eleven major cities, receive the highest median income for the lowest number of hours worked. But the point is that the other cities come pretty close. In seven of the eleven cities, teachers' salaries range above $20,000—which would be fine for a full-time, dedicated teacher, but which in these cities buys less than seven hours a day for fewer than 180 days a year.

On the total number of local government employees, teachers included, Washington, D.C. is doing even better than New York. It now has 75.2 employees per 1,000 residents against New York's mere 52.8. The District of Columbia spends 68 per cent of its annual budget on salaries, fringe benefits, and pensions. And like New York during the sixties, it has managed to steadily increase its number of employees in the face of a steadily declining city population. One key to why Washington is in such a bad way is that by law over half of its employees must be paid the same as federal employees.

As our steady readers know, there is no subject about which we have been a more tiresome nag than federal salaries, beginning in 1971 with an article entitled "The Rising Profits in Public Service" and continuing through our last issue, in which we pointed out that while in 1960 only a few hundred civil servants were making the then-top salary of $18,000, over 16,000 are now making the current top of $37,500. While many of them deserve even more—because there are in fact some truly outstanding people in the government service—many others deserve less. And no one should receive the automatic raises unrelated to increases in productivity that are the current custom.

All but one per cent of our federal civil servants receive annual "step" increases of hundreds of dollars without regard to the merit of their performance. They also receive annual increases, again without regard to merit, on the basis of a standard of comparability with private business that manages to exclude all but the highest paying 24 per cent of private business. The result is that federal employees, according to the Advisory Commission on Intergovernmental Relations, now make 46 per cent *more* than workers in private industry. (In 1973, Rep. H. R. Gross found that of 79 executives recently recruited from private business by the Postal Serivce, 65 received improved salaries.) And the government has become so top-heavy that, for example, 52 per cent of the employees of the Department of Transportation are making over $20,000 a year. In the last decade, in the government as a whole, the number of civilian employees at GS-14 and above (beginning salary $26,861) has tripled.

How these salaries relate to productivity is suggested by a recent General Accounting Office survey which found that it cost the government about twice as much to process medical claims as it costs private business. The government pays $12 per claim, compared to an average of $6.50 for claims submitted through private companies. Federal accountants and auditors, according to a report of the survey in *The Washington Post*, averaged $21,600 in wages and fringe benefits, compared to $13,800 for Travelers Insurance Company and $17,300 for Blue Cross in Maryland. The federal employees

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processed 2,500 claims a day compared to 3,900 for Travelers and 5,700 for Blue Cross.

Even after they retire, the cost of civil servants continues to grow. The pensions of civil service retirees are tied to the consumer price index. Fair enough. But the retirees also get an *extra* one per cent each time there is a cost-of-living increase. There have been eight increases since 1969, and the total cost to the taxpayers of simply that one per cent has been over $2 billion. When we last looked—in 1971—the civil service retirement fund had about $65 billion less invested than it needed in order to pay the obligation which the public owes to the retired employees of the future. The military system had an unfunded liability of about twice that amount. ("Unfunded liability" put more bluntly means you and I will pay the difference in higher taxes.)

An interesting fact about the military retirees is that around 80,000 are currently serving as civilian government employees, dragging down both a salary and a pension. As Nicholas von Hoffman says, "Only the U. S. government would pay pensions to people who are still working for it."

The *Washington Star* recently reported that the District of Columbia was headed toward a billion-dollar pension liability and pointed out that if a former chief of police, Jerry V. Wilson, lives until he is 77, he will have collected at least $1 million from the District in retirement benefits.

The New Enemies

Once one realizes what brought New York to the brink and is rapidly bringing the rest of us there, one also realizes that there is a new set of enemies in the land, many of whom have traditionally been the friends of liberalism, and in fundamental ways still are.

Here is how Walter Shapiro ended his article on "How to Beat the High Cost of Education":

"In 1967, a White House task force, under the direction of MIT physics professor Jerrold R. Zacharias, proposed establishing a deferred income-contingent loan program in the form of an Educational Opportunity Bank.

"The response was immediate. In a joint statement, the National Association of State Universities and Land-Grant Colleges, the Association of State Colleges and Universities, and the American Association of Junior Colleges denounced the proposal and charged that its intent was to let society 'abandon responsibility for the higher education of its young people.' That was the end of the Zacharias plan."

When Pat Moynihan reflected upon the forces that defeated his guaranteed annual income, he directed his bitterest scorn at the welfare bureaucrats: "With astonishing consistency, middle-class professionals—whatever their racial or ethnic backgrounds—when asked to devise ways of improving the condition of lower-class groups, would come up with schemes of which the first effect would be to improve the condition of the middle-class professionals, and the second effect might or might not be that of improving the condition of the poor." Under the Great Society, the welfare bureaucrats got the jobs which paid very well and the poor got the services which were generally ineffective.

There has been a growing similarity between these welfare bureaucrats who opposed the guaranteed annual income and the university administrators who opposed the education loans. Lionel S. Lewis, in his new book, *Scaling the Ivory Tower*, notes that "universities have taken on more and more features of government bureaucracies. . . . and a cadre of grey men have become well-entrenched on campus." I secretly suspect that these bureaucrats from government and academe regularly meet with their fellow bureaucrats from the giant corporations and unions at places like Arden and Airlie and Aspen—and there amidst well-meaning discussions

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about manpower policy, cable TV, the changing world of higher education, and the crises of the cities—plot how to fleece the rest of us.

It is painful to add government unions to our "new enemies" list—there is much good they could still do in improving the salaries of hospital workers, teachers, firemen, policemen, meat inspectors, garbage collectors, and other government employees who do real jobs in areas where they are still underpaid—but unfortunately the unions don't stop once they have achieved fair treatment. They keep on demanding more and the growing voting power of their members makes their demands increasingly irresistible.

As long ago as 1959, Wallace Sayre and Herbert Kaufman, in *Governing New York*, wrote this about the tendencies of leaders of groups of civil servants:

"Their strongest drives are toward higher salaries and wages and toward the other elements of the personnel system which enhance tenure protection, limit competition for advancement, and resist the intervention of other participants."

When the pressure is for raises for all civil servants, the result is usually five- or ten-percent increases across the board, which means that, while the clerk at the bottom may get a needed and deserved $300, the planning analyst who does nothing but read the paper all day will get $3,000.

Two years ago Mike Causey of *The Washington Post* came up with some of the planning-analyst type jobs at the U. S. Postal Service and their salaries (which of course have risen a couple of times since):

Manager of Creative Services	$25,183 to $33,493
Social Priorities Specialist	$18,634 to $24,783
Schemes Routing Specialist	$16,872 to $22,440
Fringe Benefits Specialist	$16,643 to $24,783
Suggestions Award Administrator	$22,761 to $30,280

The demands on the discrimination of the last-named official are suggested by another gem Causey dug up about the "incentive awards" program, under which millions of dollars are spent each year to give cash grants to employees who presumably have done especially fine jobs. Causey found that the Office of the Secretary of the Air Force gave out awards to 156 of its 276 employees.

Pathetically enough, even this represents more evaluation than is the custom in government. And here is the crucial point. You aren't going to find out whether you're getting your money's worth from public employees until there is evaluation of their work. (Recall once more the dimensions of the problem. Federal employees now receive 46 per cent more than comparable private workers, and 68 per cent of the District of Columbia budget now goes to salaries, pensions, and fringe benefits.) Pay must be linked to performance. But Albert Shanker says, "It's impossible to evaluate the performance of individual teachers, even if you're only trying to see if the children improve."

Of course, evaluation is often difficult. One risks unfair, uninformed criticism. But if you never submit your work to the appraisal of others, you live a life that is without applause as well as boos. Your motivation declines. Your morale sinks. The teachers at my son's last public school were never held to exacting standards—they viewed that as a threat. They were bored. Their union had won them the right to a six-and-a-half-hour day, to protect them from principals who might have insisted that they stay late instead of being free to do their grading and preparing at home. But soon they forgot why they had wanted this protection, and viewed it as a right. They stopped taking work home. Every one of them left at 3:15, not taking the time to grade my son's assignments. He got no applause or boos. His motivation declined. His morale sank. That is the story of America today. ■

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Tidbits and Outrages

For $80,000, They'll Prevent Tornadoes

Have you ever heard of the Federal Fire Council? If not, here's a report from United Press International:

"Senate investigators said today they have discovered an agency that did almost nothing for seven years at a cost of nearly $70,000 a year.

"Investigators working for Sen. Patrick Leahy, (D-Vt.), told UPI the Federal Fire Council held no more than two meetings between 1968 and 1974 but throughout the period continued to receive congressional approval of its annual operating funds.

"The agency was established in 1936 to coordinate federal fire prevention regulations in government buildings. It has been moved from department to department since then.

"It is now in the National Fire Prevention and Control Administration within the Commerce Department.

"Two Leahy staffers, assigned by the freshman senator to comb the bureaucracy to find wasteful spending, said the council met only twice during the seven-year period.

" 'A full time executive director and secretary managed to spend $67,000 a year during this period,' said Jack Ewing. 'It's unclear how he spent his time. He mailed out some publications now and then but other than that, didn't do anything.' "

Bechtel says: Bechtel!

Stephen Aug, one of the better business reporters around, came up with this gem from the *Washington Star*:

"The Bechtel Corp., which is fighting the railroads for the opportunity to build a $750 million coal pipeline, at the same time is working under government contract to study the relative economics of using railroads and pipelines to transport coal long distances.

"The contract was awarded to Bechtel, one of the nation's largest construction and engineering firms, by the Interior Department's Office of Coal Research in May 1974, without competitive bidding.

"The first phase of the study—done at a cost to the government of $413,200—was completed several days ago. On a preliminary basis, it shows—perhaps not surprisingly—that a coal slurry pipeline of the type Bechtel wants to build would provide fuel for electricity cheaper than would the railroads.

"The results show this is true despite the fact that rail transportation is cheaper than pipeline use."

Godmother, There is a Favor I Would Ask of You. . .

Frances G. Knight is the female J. Edgar Hoover. She's held on to her job as head of the Passport Office for over 20 years. Linda Charlton of *The New York Times* reports one reason for Miss Knight's success:

"There are probably very few members of Congress who do not owe Miss Knight a favor or two, very few who have not called her on behalf of a constituent who needed a passport in a hurry. One can be obtained quickly, and when it is, Miss Knight sends a letter—in duplicate—to the member of Congress.

"The letter says something like, 'In accordance with your request, we have issued a passport to. . . ' and ends with the hope that the constituent had an enjoyable trip. The second copy of the letter is for the congressman to send to the constituent to remind him, at election time, of accounts receivable. The original performs the same task for Miss Knight."

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- **How news reporters fool people they interview.**
- **How to find out if the FBI has a secret file on you.**
- **How to force insurance companies to pay off.**
- **How to preserve local handcrafts and landmarks.**
- **How fathers care for their children after Mom walks out.**
- **How an incredibly lucky man escaped from a great white shark that mercifully spat him out of its jaws.**

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- HARPER'S WEEKLY is eminently useful! Of all 20 periodicals to which I regularly subscribe, yours most often offers suggestions, ideas, pointers and insights that I can use **that very day**. It has already improved my life.—**Cable Neuhaus, Wilkes-Barre, Pa.**
- Several months ago my father introduced me to HARPER'S WEEKLY and all I can say is, Dynamite! You are a real experience; you bring me in touch with so many others and so many different points of view. —**Steff Geiple, Glen Rock, Pa.**
- HARPER'S WEEKLY is habit-forming. I devour it with my Saturday morning coffee. I mean I read the whole thing from front to back, and never mind what other things need doing. I hope some of our politicians read it; I'm sure they would profit.—**Harold Anderson, N.Y., NY.**
- It's heartening to find how many people are articulate. To me they're a refreshing change from the clever journalese of many slick magazine articles. I often feel I want to reply to these contributors, and I will.—**Alberta Cushman, Agawam, Ma.**
- I do not know if I would call your paper a Journal of Civilization, as you do. I would call it a Journal of Thoughtful and Reflective Experiencing (which may be a finer compliment). Good luck with your publication. You are bringing forth a citizen's dream, the establishment's nightmare.—**Stanley L. Brodsky, Tallahassee, Fla.**
- I tried to tell myself "I just don't have time to read it." But HW is the **first** thing I pick up to read—ahead of three weekly magazines, one weekly newspaper, four monthly magazines, and numerous special interest publications.—**Phyllis Maurer, Lincoln, Neb.**
- I have been reading a friend's recycled issues. You win. I surrender. I have just sent

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my check for a subscription.—**Anne Wittels, Palos Verdes Estates, Ca.**

• After reading my third issue, I feel jubilant and confident that here is a melting pot for the refinement of ideas, and out of it will come much good . . . America needs HARPER'S WEEKLY. May it continue to grow and be a "Journal of Civilization."—**Marjorie Sutcliffe, Audubon, Ia.**

• HARPER'S WEEKLY brings me closer to my countrymen who really care about how we live and feel and think. There's integrity in every column.—**Dorothy Martin, Hutchinson, Ks.**

• When my last issue was delayed a few days, I discovered how much I depend on HARPER'S WEEKLY. I was a nervous wreck. **Please** don't ever send my copy late again!—**Robert Nash, Fayetteville, NY.**

• Reading HW is like getting a bundle of letters that really put you in touch. It's great to read contributions from enthusiastic non-coterie writers. The pros couldn't match the diversity, let alone the involvement.—**Maureen Cotter, Newton, NJ.**

• In one year, HARPER'S WEEKLY has given me the courage 1) to write a children's book; 2) teach a seminar for government secretaries; 3) take legal steps to use my maiden name instead of my married name. I wonder whether you ever expected to have such influence on your readers.—**Mary G. Overfield, Henderson, Ky.**

• It was exciting to see my words printed in a national publication. But the best reward was still to come: nine incredibly varied people (aged 18 to 52) took the time to reply personally.—**Christine Parker, Fulton, NY.**

• This issue tells me two things. HARPER'S WEEKLY has good editors and there are **tons** of people out there just waiting to educate me. Thank you for this wonderful opportunity. HW is a forum I'd find it hard to live without.—**Carol B. Icard, Dalton, Ma.**

• I am truly amazed at your wealth of subjects. I devour the letters and articles from those who have a compulsion like mine—to share their minds and hearts, to expose their vulnerability a little, to sound off explosively. When I agree, I've found a friend. When I disagree, I've found a reason to re-examine my own view.—**Estelle Pfetsch, Niagara Falls, NY.**

• HARPER'S WEEKLY tells me more about this country and the people in it than a dozen Gallup pools. Congratulations.—**Jack McClintock, Indian Rocks Beach, Fla.**

• Send me 20 subscription blanks to hand out.—**Lillian Koslover, Redondo Beach, CA.**

• I'm so pleased with HARPER'S WEEKLY that I sent my renewal check gift-wrapped. Getting HW is like getting a present every week, and I wanted to return the favor.—**Kathleen Marquardt, West Allis, Wisc.**

• By the time my copy arrives on Saturday afternoon, I've read all the other hogwash that came during the week. That makes HARPER'S WEEKLY seem like strawberry shortcake after eating a supper of cold mashed potatoes.—**Darius Petty, Great Barrington, Ma.**

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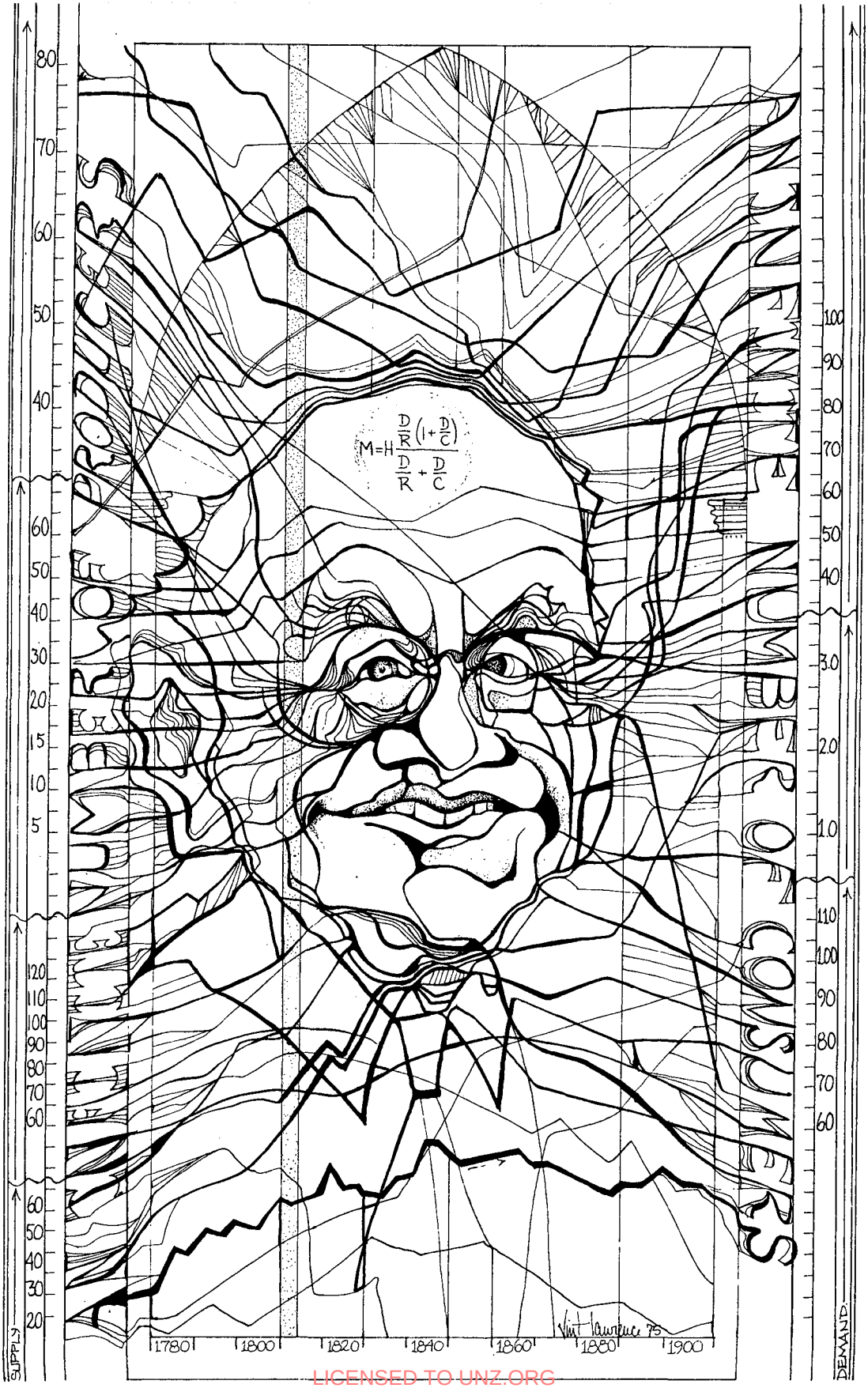

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Milton Friedman: The Ambiguous Achievement of a Positive Economist

by David Ignatius

When art historian Bernard Berenson first brought his wife to Florence, he led her blindfolded past the lesser paintings of the Uffizi Gallery to Botticelli's "Primavera," where he opened her eyes upon the image of perfection.

Economists tend to feel the same romantic devotion to the price system, and if the analogy seems trivial, consider the following problem: A hypothetical economy contains an infinite number of producers, producing an infinity of goods, likewise an infinite number of consumers, each with a unique set of consumption preferences. All converge simultaneously on the marketplace, wares and shopping lists in hand.

What contrivance of man or God could allocate resources in this riotous market so that every producer managed to employ every available worker in the most efficient manner; so that every consumer filled his basket with the selection of goods he wanted, in the amounts he wanted, and thereby attained the highest possible level of satisfaction?

Economic theory tells us that there is only one major condition necessary to achieve this felicitous outcome: the pervasive and unhindered operation of the price mechanism.

Leon Walras, the French economist who developed the mathematical techniques to represent the operation of a

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market economy, liked to think of the price system as an "auctioneer"—a supernal individual hovering over a great trading floor, shouting out quotations by the millisecond, urging buyers and sellers of every commodity toward agreement. Walras saw the entire system constantly "groping" toward a set of equilibrium prices which would clear the market in all goods. In this perfect world, each disturbance of equilibrium would set in motion a search for a new set of market-clearing prices, and a new equilibrium. For the student of economics, the first encounter with the Walrasian general equilibrium equations is a sublime experience: the thick scribble of algebra unfolds a calculation of that ideal moment in which all goods are sold and all desires satisfied. The real marketplace, with its raucous transactions, gives way to the purity of the aggregate, as perfect as the ticking of a Patek Philippe watch or the harmony of voices in a Bach cantata.

Even the notion that God worked His will through the price mechanism would not have seemed far-fetched 200 years ago. To the Protestant traders of early capitalism, the austerity of the market, its unyielding test of value and competence, its cruel rebuke to the inefficient sinner and generous reward for the profitable saint all had obvious theological parallels. These early capitalists inhabited a new universe, without the soft Mediterranean curves of an earlier age, and they created a system of commerce as orderly and unsentimental as the God they worshipped. Profit, in their eyes, was the measure of God's grace.

How strange it is that the modern exponent of the economic theology of these dour Anglo-Saxon merchants is a small, bumptious Jewish man by the name of Milton Friedman.

A Devout Capitalist

More than most economists, Milton Friedman believes in the price system. For 30 years he has preached the gospel: only an unregulated market, with an unhindered price mechanism, can discipline us to produce and distribute goods efficiently without depriving us of our freedom. During this time growing numbers of businessmen have found it convenient to accept government handouts and the rhetoric of public responsibility. But Milton Friedman has remained a devout capitalist. "It turns my stomach," he said recently, "to see some of these Exxon ads which try to make you think that Exxon is in business to save the Santa Barbara channel from oil spills. 'Social responsibility' is impossible in a competitive economy. The pressure of competition requires the businessman to think only of maximum profit for his shareholders. Any businessman who says he's acting out of social responsibility should be subject to antitrust prosecution, because he's announced that he's got monopoly power."

Friedman made these comments on a brisk September afternoon at the house in Vermont where he spends half the year. On the hillside below his house, Friedman pointed out the first trees turning color. "Only the sick ones turn this early," he said. The comment might have seemed menacing from someone else—laden with overtones of Social Darwinism. For Friedman it was merely an empirical observation, one of thousands which help him make sense of the way the world works.

Friedman is a brilliant economist, perhaps the cleverest theorist working in America today. He is also controversial. From the University of Chicago, where he spends the other half of the year as Paul Snowden Russell Distinguished Service Professor, Friedman has been leading a war for the hearts and minds of the economics profession. Using the most sophisticated statistical techniques, he has attacked the technical presumptions of Keynesian orthodoxy. At the same time he has attempted to develop a base of popular support for his "monetarist" alternative through pub-

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lic speeches, congressional testimony and a regular column in *Newsweek*.

His questions to the Keynesian elders have a disarming simplicity: Does fiscal "fine tuning" really stabilize the economy? Are interest rates really the best target for monetary policy? Does government regulation really protect the consumer? Do fixed exchange rates really stimulate trade? Do subsidies for education, welfare, health, and transportation really improve the quality or equity of our society?

The Age of Friedman

Friedman's attack has been successful enough that even his enemies grant that the Age of Keynes is over. Rarely, however, do they consider the possibility that the Age of Friedman is upon us. Small, balding and bespectacled, terrier-like in argument, 62-year-old Milton Friedman does not look like the sort of man after whom eras get named. But when you draw up a list of exciting economic ideas in the last two decades, it's hard to think of one that isn't Friedman's.

A partial list will suggest his impact. Despite withering criticism from other economists, Friedman's Monetarism (emphasizing the money supply as the key to management of the economy) is now dominant in Congress, the Administration and the business community. In response to demands from Friedman's supporters, the Federal Reserve now publishes regular reports on the growth of the money supply, and implicitly measures its performance by Friedmanite criteria. His *Theory of the Consumption Function*, an elegant piece of statistical research which solved a conceptual problem in the interpretation of consumption data, is now used in many econometric forecasting models. His *Monetary History of the United States* (co-authored with Dr. Anna J. Schwartz) brought a new level of sophistication to the analysis of business cycles, and helped to revitalize the study of economic history.

Outside technical economics, Friedman's work has been more polemical but just as influential. His plan to replace welfare services with cash grants through a negative income tax was the inspiration for the Nixon Administration's Family Assistance Plan. Although that proposal was defeated, the negative income tax is coming to be viewed as the most sensible reform of welfare by liberals and conservatives alike. His case for flexible exchange rates was first made in 1950, when it was popular to extol the Bretton Woods fixed-rate system. After 20 years of Friedman attacks on the irrationality of fixed rates, most of the industrial countries have adopted a flexible rate scheme. His plan for a volunteer army is now law. His proposed reforms of subsidized education—the voucher plan for primary and secondary schools and the education loan bank for colleges and universities—have irked the education lobby. But they intrigue parents who are worried about the rising cost and declining quality of American educa-

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tion. In the past few years, Friedman has been fighting, almost alone, for a cost-of-living adjustment ("indexation") of taxes, bonds, and other contracts—to cushion the effects of inflation. Even his seemingly outrageous proposal to abolish social security begins to make sense when you realize that if present demographic trends continue, the government (meaning future taxpayers) won't possibly be able to pay back today's working people what they have been putting in.

To an astonishing degree, Friedman's political views animate the political life of the mid-1970s. His cynicism toward big government has become infectious. Weeks can pass in Washington these days without a kind word being spoken for welfare spending, subsidy programs, federal regulation and central planning—the consensus liberal goals of a decade ago. Instead, liberals are hearkening back to Friedman's "classical liberalism" and its emphatic contrast of the creative power of a free market with the clumsy inefficiency of "Welfare State" government intervention. We can even see Friedman's ideas at work in the current debate over New York City's fiscal crisis. The widespread sentiment that New York City should pay the price for its fiscal sins suggests a more general Friedmanite view that the free market must be allowed to squeeze the fat out of an inflationary, featherbedded American economy. As Friedman puts it, "The New Deal philosophy is exhausted. It's had its day and is no longer working. People are beginning to see that at its very heart, the do-gooder principle is destructive."

The Lessons of the 1930s

The Friedmanite resurgence of confidence in the efficacy of the free market is remarkable. For although this sort of thinking dominated pre-Keynesian economics, the Age of Keynes was supposed to have rendered it obsolete. Keynesian economists seemed to temper their ardor for the price system. The period of Keynes' greatest influence, from the late 1930s to the late 1960s (some day we may refer to it as the pre-Friedmanite period) was distinguished by two anti-market precepts.

1. *The private market is unstable.* Its clockwork price mechanism is prey to the whims of investors and consumers, who have uncertain knowledge of the future and thus inadequate information to trade rationally in the marketplace. The lesson of the Great Depression was clear: if left to itself, a market economy could diverge from full employment to chronic disorder. Rather than insuring efficient use of resources, a free market might promote a socially inefficient pattern of waste—with men and machines standing idle.

2. *Government intervention can counteract the instability of the market.* The enlightened reason of public officials should be imposed upon the anarchy of unregulated commerce. In particular, a government must use fiscal policy to stabilize the economy by "leaning against the wind." When the private market is sluggish, the government should increase its deficit spending; when the private market is booming, then government spending should be lowered or taxes increased.

There is considerable disagreement in the economics profession about whether Keynes actually held these views. Some argue that they were attributed to him by his interpreters. But this debate (there are similar ones in most disciplines; psychoanalysts, for example, can quarrel endlessly about whether Freud was bastardized by his disciples) misses the real point: the lessons of "Keynesian" economics weren't "taught" by Keynes or anyone else. They were burned into a generation of economists by the experience of the Great Depression. Something went very wrong during the Depression. The automatic regulators of the price system clearly failed to work. Moreover, the apparent ef-

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forts of the monetary authorities to restore prosperity had no effect on the capricious market. Economists wedded to the prevailing orthodoxy, the Quantity Theory of Money, had been impotent. Keynes' economic analysis became associated with this consensus view of the Depression, and soon the two were indistinguishable as "Keynesian" doctrine.

Friedman, too, lived through the Great Depression. In fact, he experienced it far more directly than the old Etonian, Maynard Keynes. Keynes spent his mornings in bed during the 1930s, scanning the stock market pages for the investments which made him and King's College, Cambridge, of which he was Bursar, very rich. He had an aristocrat's disdain for petty rules of behavior and morality. An aging clerk at King's College recalls that when one of Keynes' investments in the commodity market went sour because of a sudden decline in price, Keynes imperiously directed that the entire purchase be stored in the gothic nave of King's College chapel until the price rose sufficiently. When Keynes reflected on the causes of the world slump, he did so with a similar disregard for other people's opinions.

By contrast, Milton Friedman spent the 1930s scrambling to win scholarships and later trying, without success, to win a teaching job. As so often happens in our culture, at the very time the leisured aristocrats were turning left, Friedman—the harried young man struggling to earn a living—turned right. He's been there ever since.

'Making It' in Economics

Life history never explains the sources of intellectual inspiration very well. But in Friedman's case, the biographical facts do tell us a great deal about the difficulties of "making it" in the economics profession.

Friedman was born in Brooklyn, that thorny cradle of so much of modern American intellectual life. Both his parents worked in sweatshops, and Friedman grew up in the same harsh environment that led many of his contemporaries to become socialists. Characteristically, the only barb in Friedman's reminiscence is the observation that if well-meaning liberals had managed to pass a minimum-wage law in those days, his parents might never have found work in the United States.

While Friedman was still young, his parents moved to Rahway, New Jersey. He worked hard in school and won a $300-a-year scholarship to Rutgers University. Since it was cheaper to live at home, he commuted to the campus every day on the Pennsylvania Railroad. One of his teachers at Rutgers was Homer Jones, who later became research director of the St. Louis Federal Reserve Bank and helped make it a bastion of his former student's monetarist analysis. Jones remembers Friedman as a "very brilliant, precocious fellow" who dominated his fellow students, in the classroom at least. Asked to recall Friedman's political views at the time, Jones—a laconic Midwesterner—ponders for a moment. "I don't know that he had any in particular," Jones says. (Another of his teachers at Rutgers was Arthur Burns. Arthur Burns is now Chairman of the Board of Governors of the Federal Reserve, and according to an aide, "much too busy" to reminisce about the 1930s.)

After Rutgers, Friedman wanted to go to graduate school. Jones advised him to apply to the University of Chicago—not out of any prescience that it would shape Friedman into a monetarist, but because Chicago was a place where Jones' recommendation would make a difference. "Those were rough days," Jones notes. "Scholarships didn't grow on trees." Indeed, according to Jones and others, Friedman knew very little about the University of Chicago when he enrolled there in 1932.

Friedman would probably not be a Friedmanite if he had done his graduate work somewhere else. Dominated by a group of brainy, eccentric con-

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servative economists, Chicago passed through the Depression years almost untouched by the "Keynesian" view of market imperfection and the need for government intervention. In the depth of the Depression, Henry Simons, one of the professors who most influenced Friedman, would write an essay entitled "A Positive Program for Laissez Faire." Oblivious to the revolution in thought taking place around them, the Chicago economists continued to work with the Quantity Theory of Money (which described nominal GNP growth as a simple function of changes in the money supply) and other pre-Keynesian concepts. Insulated in a more important way than he had been at Rutgers, Friedman was encouraged not to learn the lessons of the Depression. This would leave him unencumbered in later years, when the lessons became codified.

There is a delicate irony in Friedman's early career. After leaving Chicago with an M. A., the young champion of the free market found himself unable to get a teaching job. According to a profile by Milton Viorst, he was refused partly because of academic anti-semitism. Friedman turned to his old friend and teacher, Arthur Burns, who helped him find a job at the National Bureau of Economic Research, partly funded with government money. It was a sensible decision, for the work allowed Friedman to develop his technical skills as a statistician, and to increase his reputation. One might expect that such a dramatic personal experience of the private market's irrational discrimination would have tempered Friedman's political philosophy. It didn't.

Friedman stayed at the National Bureau of Economic Research until 1940. He took a temporary teaching post for a year, then went to work at the Treasury, where he helped develop tax schemes to finance defense spending. Again, one might think that personal success with the implementation of fiscal policy would have led Friedman to be sparing in his criticism of fiscal policy in later years. Quite the opposite.

In 1945, Friedman finally landed a full-time academic post, at the University of Minnesota. The next year, he returned to teach at Chicago and began in earnest his drive for recognition as a theorist. Many ambitious academics find that their home lives collapse under this sort of pressure. Friedman's prospered. He had met his wife, Rose Director, when the two were studying economics at Chicago. "I was D and he was F, so we sat next to each other," Mrs. Friedman explains. Mrs. Friedman gave up her own economics career for a career as Mrs. Friedman. "I'm not the competitive type, which is good, because I'd hate to compete with him," she says. Most important, she shared her husband's political views, and helped sustain him in the years when Friedman was considered something of a pariah in the profession. It was Rose who urged Friedman to write his popular statement of "classical liberalism," *Capitalism and Freedom*. She is still devoted to the cause. Her eyebrows arch high on the forehead at the first suggestion of un-classical liberalism from a guest. Friends say that she is contemplating writing a biography of her husband.

'Technismo'

In his early published work, Friedman groped for a response to Keynesian policies and towards a formulation of his own monetary theory. Even when his own ideas were uncertain, Friedman was combative. In a 1948 article in the *American Economic Review*, he called for the abolition of the Federal Reserve, arguing that its discretionary power over the money supply inevitably reflected errors of human judgment and thus created instability. At about the same time, he began his statistical investigations of the cyclical behavior of the money supply—which would later yield his most important work.

The young Friedman believed that

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he was embarked on a scientific investigation of economic behavior. With his own training as a statistician, he could safely chide his colleagues for inattention to scientific method. In a 1953 essay, "The Methodology of Positive Economics," Friedman boldly wrote: "Positive economics is in principle independent of any particular ethical position or normative judgments . . . it deals with 'what is,' not with 'what ought to be' . . . . Its task is to provide a system of generalizations that can be used to make correct predictions about the consequences of any change in circumstances. Its performance is to be judged by the precision, scope and conformity of the predictions it yields. In short, positive economics is, or can be, an 'objective' science, in precisely the same sense as any of the physical sciences."

Friedman needn't have worried about the scientific rigor of economics. Independent of his urgings, mathematics came to dominate (and, according to critics, sterilize) economics during the 1950s and 1960s. Friedman's own *Theory of the Consumption Function*, published in 1957, is an example of the best and most helpful application of "positive method." But in his insistence on rigor, Friedman helped foster a phenomenon which might be called "technismo." Like machismo, it breeds a destructive sort of competition. Most academic disciplines have something similar. "Serious" historians, for example, distain the work of a popular historian like Arthur Schlesinger in favor of studies of intergenerational mobility in English villages of the 17th century. In the same way, "serious" economists disdain the non-mathematician.

This has unfortunate effects. Because of "technismo," an economist who has contributed nothing of practical value may still be held in awe by colleagues who are intimidated by displays of numeracy. (A current preoccupation is the "Red Bus/Blue Bus" problem, in which a number of people have sealed their reputations with extremely complicated mathematical explorations of how an individual will choose between a red bus and a blue bus, when both are following identical routes at identical times. So what? the non-economist rightly inquires.)

A Theory is Born

Technismo required Friedman to submit his own developing monetary ideas to empirical test. Thus, he considered his major 1956 essay, "The Quantity Theory of Money—A Restatement," as no more than a hypothesis. Peculiarly (for the essay took a line quite similar to Keynes' own in the *General Theory*) it attracted enormous criticism from the Keynesian establishment. Paul Samuelson, the most influential of the Keynesians, now grants that the theoretical argument was "very close to the traditional Keynesian view." In retrospect it seems clear that Friedman was being chastised for suggesting policies at odds with the lessons of the Great Depression, rather than specific points of difference with Keynes.

In 1963 Friedman (with the help of Anna Schwartz, a National Bureau of Economic Research statistician) published the work on which he believes his professional reputation will stand: *The Monetary History of the United States*. The book is best understood as an attempt to debunk what Friedman viewed as the myth of the Great Depression. Friedman gave it a new name—the "Great Contraction" —and a radically new interpretation. The cause of economic collapse and unemployment was not the inherent instability of the private market, but specific mistakes of the monetary authorities, who allowed the money supply to contract rapidly at the very time it should have been expanded. The implication of this argument was staggering. If Friedman was right, the lesson of the 1930s was not the unreliability of the market, but the folly of government intervention. Indeed, that was the lesson of the entire

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economic history of the United States from 1867 to 1960; the data seemed, incredibly, to show that economic fluctuations had been more severe *after* the creation of the Federal Reserve in 1907 (supposedly to bring order to the unstable market) than before.

The *Monetary History* also distilled Friedman's theoretical critique of Keynes. The data showed very close correlations between changes in the rate of growth of the money supply and changes in GNP. This evidence (supported by a Friedman paper published the same year) seemed to validate Friedman's basic theoretical argument that the money supply is a more reliable determinant of GNP than Keynes' key variables, investment and government spending. By maintaining steady growth of the money supply, the government could insure steady, non-inflationary economic growth.

The Road to Celebrity

Friedman's theoretical edifice was thus complete in 1963. He had formulated a hypothesis, tested it empirically, and found it correct. Although there were a number of weak links in the argument, it was not greeted with a convincing refutation, but a stony silence from the Academy. Some were not even willing to believe that Friedman was in earnest. This was the view of Joan Robinson, Keynes' cup-bearer during the 1930s. When Friedman visited Cambridge for a year in the 1950s, he made a point of attending Robinson's courses, interrupting often to ask pointed questions about Keynesian theory. Finally an exasperated Mrs. Robinson offered to split her lecture time with Friedman and let students ask questions of both at the end. When Friedman was safely out of Cambridge, Mrs. Robinson archly observed that, while an uncommonly clever fellow, the Chicago economist must be "insincere."

Keynes would have understood Friedman's dilemma. Keynes' own reputation as a theorist was not complete until he had become a media celebrity, capable of intimidating his critics. The road to celebrity was littered with discarded abstractions. Keynes' 1930 *Treatise on Money*, which he hoped would be received as a masterwork, had instead provoked a big yawn from the reigning economic mandarinate. It was thought too dense. Keynes condensed and simplified his ideas in the *General Theory*. He also increased his attacks on intellectual opponents and his manipulation of the popular press. Soon enough, he was Lord Keynes, an economic superstar.

In the years after 1963, Friedman followed Keynes along the road to celebrity. He traveled the lecture circuit, presenting the public with a highly simplified version of his theory. In 1964 he signed on as an adviser with Presidential candidate Barry Goldwater. In 1966 he began writing a regular *Newsweek* column, in which he tirelessly propounded a bare-bones monetarism. Like Keynes at Cambridge, he gathered together at Chicago a group of aggressive disciples and encouraged them to proselytize the new theories. Meanwhile, his old friend and teacher, Homer Jones, was using the St. Louis Federal Reserve Bank to popularize monetarism in the banking and business communities. Two economists under Jones, Leonall Andersen and Jerry Jordan, meanwhile developed a full monetarist econometric model for the St. Louis Fed. It predicted the future growth of GNP on the basis of changes in the money supply.

By 1969, the St. Louis model was the only one in the country putting out reliable forecasts—giving the rest of the profession a terrible scare. "The pragmatic test of prediction seemed to support the monetarists," remembers Paul Samuelson, a Keynesian. The monetarist forecasts soon went awry, but not before many Keynesians had jumped ship. Even Samuelson, whose textbook *Economics* has made him something of an arbiter of doctrinal

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debate, began to revise his evaluation of Friedman. Samuelson has been quoted as saying some rather nasty things about Friedman: that in his desire to be a "big swinger" in economics, he engages in "intellectual tightrope walking"; that his monetarist assault on the Keyensians is "like a man with a foil attacking a battleship." But since 1968, editions of his text have carried a more sympathetic treatment of monetarist ideas. Samuelson told me that it was Friedman's fault if his contribution wasn't recognized sooner. "Friedman's overstrong formulations slowed me down in the work of discussing money," he says.

James Tobin, a Yale monetary economist and former member of the Council of Economic Advisers, notes another factor which may explain the sudden interest in monetarism at the end of the 1960s: "There was a popular perception that the New Economics [Keynesianism] had failed to deliver what it was supposed to in terms of stabilizing the economy. Friedman was waiting in the wings with monetarism, and its forceful proposition that government can never 'fine tune.' "

John Kenneth Galbraith believes that Friedmanism has suffered from its success. "Friedman's misfortune is that monetarism has now been tried. Since the Republicans came in, we've had seven years of mostly Friedman policy. Its principle achievement has not been the prevention of inflation and recession, but the encouragement of a disastrous combination of both. The Age of Friedman is passing." Samuelson is also buoyant these days. "Where monetarism differs from post-Keynesian economics, it is usually wrong," he observes.

Science *v.* Influence

What has troubled economists most about the rise of monetarism in the last decade is the discrepancy they note between Friedman's careful, journal-article-monetarism and the diluted, popularized version which has been so influential. Tobin, for example, believes that "aggressive promotion of theory has been important in influencing policy makers." He notes that the Fed "is scared of the kind of flak it will get from monetarists." Because he believes that the popularized monetarism often leads to incorrect policies, he finds its influence "unfortunate." Similarly, Paul Samuelson argues that "a key reason for the growing acceptance of monetarism is Milton Friedman himself. He's a strong, intelligent, polemical exponent of a particular point of view." Another prominent economist predicts that "when Milton dies, the crowd will turn with knives on many of his theories. Right now, they're afraid to." Galbraith says simply that Friedman "has a papal power over his followers."

This may sound like sour grapes, but it points up a serious dilemma in economics. In professional debates, Friedman is the exemplary scientist, carefully phrasing each of his arguments, moderate in his claims to originality. But at a certain point in his career, he recognized that in the enterprise of theory-making, clever promotion is essential. The quiet scientist is unlikely to become influential, regardless of the merits of his argument.

The budding economic theorist thus finds himself in an awkward double-bind. Technismo requires him to construct imposing, highly complex economic models which will impress his colleagues. But if the theory is to make any impact on the real world, it must be simplified, attractively packaged, and tirelessly promoted. Most economists are forced to choose *either* a professional or lay audience. Galbraith, for example, is highly literate and skilled at self-promotion, and as a result he has a wide public following. But he is "innumerate," and shies away from "technismo" combats. For this reason, Galbraith's views are not threatening to his colleagues, who can always dismiss

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him as an economist who doesn't use numbers.

But Friedman, like Keynes before him, is able to do both things well. His colleagues may fault him for diluting his ideas and cheapening debate. But to the general public, Friedman is one of the few economists who talks in a language that can be understood. For this reason he is influential, and threatening to the profession.

In 1969 Friedman had a chance to extend his influence even farther. He was approached about the possibility of heading up the Nixon Administration's Council of Economic Advisers. Friedman wasn't interested. James Tobin, who served on the Council during the Kennedy Administration, suggests that Friedman may have a general disinclination to government service: "He has stayed out because he's too doctrinaire to do the kinds of pragmatic things a policy-maker must do." Friedman explains his decision in much the same terms. He points to the subtle ways in which people are compromised inside the government as bureaucratic loyalties begin to displace private convictions. Moreover, he does in fact find the notion of public service something of a sham. He believes that the public is best served by the diligent efforts of individuals to make as much money as they can in the private market—and by the refusal of men like Milton Friedman to put their talents at the disposal of the government monolith.

Had Friedman joined the Nixon Administration, the economic history of the last seven years might look very different. Friedman repeatedly warned against the erratic monetary course pursued by the Fed under Nixon. Had he been listened to, the recession of 1970-71, the inflation of 1973-74 and the current recession might all have been avoided. The word "might" is crucial here, for some, like Galbraith, believe that Friedman's basic views helped shape the disastrous economic record of the period.

One bit of Friedman advice is of special interest, for it has never been publicized. In a confidential October 1968 memorandum to Nixon, Friedman correctly warned that the world monetary system was nearing a crisis. He advised an immediate end to gold-convertibility of the dollar and the institution of floating exchange rates. The Democrats could be blamed for causing the mess, he told Nixon. Two years later, Nixon had to take the steps Friedman advised, but by that time, enormous damage had been done to America's international economic position.

Friedman is not rueful about his decision to stay out of government. His only regret is that he missed the chance to resign angrily when Nixon announced in 1971 that he was a Keynesian and imposed wage and price controls.

Two Cheers for Friedman

With Gerald Ford trumpeting the free market from the Oval Office, Friedman disciple Alan Greenspan heading the Council of Economic Advisers, and Treasury Secretary William Simon warning at every opportunity that government spending is taking us down the road to socialism, footfalls of the Age of Friedman will be with us at least until January 1977.

I wish I could conclude with a ringing affirmation of Milton Friedman and everything he stands for. The best I can do is endorse the picture of him that emerges from his biography. Friedman is a very intelligent economist who has fought for decades, against the arrogance of his colleagues, for what he believes in, without losing his kindness or his sense of humor. He is an admirable man.

But I don't think he's right about the free market. To some extent, he seems to be mesmerized by the price system—that pure elegant gift of God we encountered at the beginning of this piece—into forgetting some inelegant but important things about economics and about life.

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Take, for example, Friedman's response to criticism of his service as an economic adviser to the Chilean junta. Critics have spoken in emotional terms about the junta's use of torture and the suffering of its victims, and they have asked how a decent man like Friedman could lend his efforts to such a regime. In a statement printed in *The Wall Street Journal*, Friedman responded calmly to what he called "hysterical" criticism. He set forth a predictable and entirely logical justification: if he gives good economic advice to the regime, then the lives of its people will get better, not worse. In certain passages, he even seemed to be defending the operation of a free market in economic consultants, arguing that if the consultants are allowed to strengthen Chilean capitalism, then the irrational, inefficient use of torture will disappear. The historical precedents for this last argument are dubious: economic systems of every description seem to coexist remarkably easily with brutal political methods. But the real point is not an historical, or even an intellectual one. There seems to be a failure of imagination in Friedman, an inability to hear the screams of the victims and to realize that there are times when one must scream in protest.

This failure of imagination is especially unfortunate in someone with so many good ideas. Perusing his *Newsweek* columns, one is often struck by the boldness of thought, the creative application of systematic reasoning to a problem. But other times, Friedman seems to miss the point entirely, dispensing the same tired line about the need to foster free enterprise, without taking into account what "free enterprise" stands for these days. Reading his recent *Newsweek* exhortations to unleash the oil industry from government price controls, you begin to think that there are thousands of small oil producers out there, stifled by bureaucratic regulation. Friedman doesn't seem to see that in reality there are a few gigantic oil companies—highly bureaucratic themselves—and that a loosening of government regulation would simply allow them to make more monopoly profit and wield political power with greater arrogance. There is a peculiar lapse in Friedman's powers of insight when it comes to the market. Many prominent economists would agree with him that existing economic policies are bankrupt; that the simultaneous incidence of inflation and recession requires that we rethink many of our economic ideas. But they are wary of Friedman's tendency to propose benign neglect of the private sector—believing that it may only intensify the problems created by the monopoly power of large corporations and labor unions.

Such a tendency to ignore the real world often characterizes the theorist, whose genius allows him to rise above the mundane affairs of men to the level of god-like synthesis and abstraction. The rest of us are not so gifted and are likely to see the lack of political realism in Friedman's work as an important flaw. And we're likely to get angry when Friedman disowns one of his ideas the moment it becomes subject to political bargaining—as Friedman did with the negative income tax scheme.

I wonder, too, after spending some time with the man and his works, whether Friedman correctly interprets some of the lessons of his own life. Like many self-made men, he tends to dramatize the benefits of a system which allowed him to rise from sweatshop Brooklyn to wealth and academic prominence. He forgets that there was a time when the irrational discrimination of the market forced him to turn to a government-supported research organization for work. More important, he forgets that his story does not prove that everyone can "make it." He succeeded, against enormous odds, because of unusual gifts. But for every Milton Friedman, there are scores of others who live out their lives in the bowels of the free enterprise system.

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Even Friedman savors the opportunity to flee the world the market has created. I recall him gazing out from the dining-room window of his Vermont retreat, looking over the rolling hills toward the Connecticut River. Friedman remarked on the changing demography of the region, and how that has fostered its isolation and tranquility. "All the entrepreneurs left long ago," he explained. "Nobody works very hard. There is a slow pace of life."

Mrs. Friedman hastily added that they enjoy very much the company of a man down the road who manages a farm, an insurance company and a funeral parlor out of his small clapboard house.

But I think her husband was probably right. All of us feel a yearning to escape the market for a life which is more satisfying, and I think our desire stems from dislike of its reliance on base emotions. Friedman's free market doctrines are grounded in a view that selfishness and greed, expressed in the ceaseless struggle of the marketplace, must be the basis of any rational society. This sounds supremely realistic, until you consider the society which selfishness has already created. The anxieties of competition, the bitterness it induces between individuals, the sense of purposelessness working at a job which the market selects as "rewarding," the self-disgust often felt by those who have succeeded in climbing over their fellows to the top and find, suddenly, at 45, that they have lost their spouse's love and children's respect—all these widely held feelings should caution us against ratifying selfishness as the pervasive principle of our economic life. The acquisitive spirit Milton Friedman would have us prize may have been necessary to lift our country out of backwardness to wealth, but it is not clear that it is needed in the same way any longer.

Finally, what troubles me most is Friedman's scorn for anything public. In many specific instances, his criticism is justified. Government managers—without the disciplines and incentives of the market—have been wasting our money and most of all, our idealism, on programs which don't make our lives any better. But when carried to the length Friedman does, the critique of big government becomes an attack on society itself—on the possibility and desirability of maintaining the collective institutions which make harmonious social life possible.

This disdain for government is a prominent theme in our political life at present. Journalists, congressmen and academics can score easy points by kicking the nearest government bureaucrat. But that's not all they're doing. When a Friedman, a Ford, or even a Jerry Brown of California, attacks the folly of government spending, one senses an underlying argument that collective institutions like government can never make a positive difference in the lives of individuals. We are happiest when left alone, they seem to say. Similarly, when newspaper reporters scramble to publish whatever "privileged" documents they get their hands on, and dismiss as absurd the notion that they might have a "civic" responsibility to protect their country's diplomacy, one senses (regardless of the merits of disclosing the information) a contempt for the collective authority embodied in government.

Milton Friedman has suggested many times that he has anarchist sympathies, and I think it may be his anarchism that makes him seem so attractive today, when there is an ill-defined anarchism loose in the culture. For my part, I don't think we are happiest when left alone, and I don't even think we are happiest when pursuing our self interest as reporters, businessmen or what have you. I find myself happiest in the company of others, and long for the day when public institutions—and the collective life they make possible—earn back our respect. Until then, Milton Friedman will serve as the hammer of our discontent. ■

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political book notes

Public affairs books to be published in December.

Cesar Chavez: The Rhetoric of Non-Violence. Winthrop Yinger. Exposition Press, $6.50. Of making many books there is no end. Winthrop Yinger has devoted the major portion of this book to analyzing one speech by Cesar Chavez, his "underlying thesis" being that "the essence of Cesar Chavez and the dominant characteristic of his speaking power is identification."

Turning to the "rhetorical analysis of the March 10 speech," a paragraph-by-paragraph study, we read that the "curious element in this paragraph is his special reference to his kidneys. Very few public speakers discuss their kidneys in public. (Some *do* exhibit operations, scars, however.) Kidneys are a delicate subject even among close friends and relatives. That is precisely the point. Chavez shares his human condition openly with his farm worker audience. Such a practice simply reinforces the observation that he relates or identifies with his audience as a relation."

Child Care and ABCs Too. Sar A. Levitan, Karen Cleary Alderman. Johns Hopkins, $8.50. In the greyest and flattest prose imaginable, "manpower specialists" Levitan and Alderman tell us that the number of young working mothers is increasing, the number of child-care facilities is becoming inadequate (although they are increasing, too), and the cost of keeping children in day care centers is soaring. By 1972, the annual cost per child kept in day care centers that are funded by federal programs was $2,110. To help minimize the financial burden, the authors suggest that the best thing is to combine day care with preschool education. Expenditures for the day care and education of children under six have now risen to over $6 billion, incidentally, with government, at various levels, paying over half of this.

Energy: The Policy Issues. Gary D. Eppen, ed. University of Chicago Press, $9.50.

The Environment Committees: A Study of the House and Senate Interior, Agriculture and Science Committees. Ralph Nader Congress Project. Grossman. This book is a hodgepodge of several studies pulled together so that the Nader Congress Project could add another few notches to its gun. Arthur J. Magida's chapters on the House and Senate Interior Committees are the best of a bad lot. He manages to convey the historical background of congressional land management policy and strip mine legislation. The chapters on the Agriculture Committees are more uneven—heavy on newspaper clips, with a few choice quotes culled from undergraduate political science essays. The chapters on the science committees are devoted primarily to a denunciation of the moon landing program. At one point the author helpfully observes: "That the drug culture of the sixties coined the expression 'spaced out' as an indicator of high fantasy is not surprising." No indeed. What *is* surprising is that Ralph Nader allowed this frivolous book to be published under his name.

The European Revenge. Robert Heller, Norris Willatt. Scribners, $8.95.

The Failure of the NRA. Bernard Bellush. Norton, $8.95.

From the Black Bar. Gilbert Ware, ed. Putnam's, $7.95.

The Machine That Oils Itself: A Critical Look at the Mental Health Establishment. Robert C. Reinehr. Nelson-Hall, $8.95.

The Money Committees: A Study of the House Banking and Currency Committee and the Senate Banking, Housing and Urban Affairs Committee. Lester M. Salamon, Ralph Nader Congress Project. Grossman. The chief problem with this book is conveyed in a passage about a relatively unimportant subcommittee shift within the Senate Banking Committee in 1972. The study notes that "the main loser in this re-organization appeared to be second-ranking William Proxmire. . . . As one staffer put it, 'Sparkman thought Proxmire had too much power.' " This may have seemed inportant in

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1972, when the book was researched, but it is of absolutely no interest today. Senator Sparkman is now head of the Foreign Relations Committee. Poor abused Senator Proxmire has taken over the chairmanship of Senate Banking.

The same problem exists in the sections on the House Banking Committee. We are treated to a loving description of Chairman Wright Patman and the indelible imprint of his populist style on the committee. Unfortunately, Congressman Henry Reuss is now chairman—Patman having been expelled by colleagues who got fed up with his indelible populist style. This out-of-dateness is true of all the Nader books reviewed in this section.

Radio Power: Propaganda and International Broadcasting. Julian Hale. Temple Univ. Press, $12.50.

The Revenue Committees: A Study of the House Ways and Means and Senate Finance Committees. Ralph Nader Congress Project. Grossman. The harvest of Ralph Nader's Congress project—this part of it, at least—is not any new understanding of the way the revenue committees work, nor any attempt to understand the process from the member's point of view, but an enormous compendium of details. There are biographies of committee members (at least one of them dead, several others back in private life), profiles of the staff (which has also undergone considerable change), and, the most valuable feature, histories of some of the more notorious chapters in tax legislation. The information is deposited in undigested lumps, rather than being deployed selectively to advance a certain argument. The solutions the book finally recommends—open meetings, more staff, et cetera—are perfectly sensible but also perfectly conventional.

Ruling Congress: A Study of How the House and Senate Rules Govern the Legislative Process. Ted Siff, Alan Weil, Ralph Nader Congress Project. Grossman. Meant to be the flagship of the flotilla of Congress Project books published this month, *Ruling Congress* at least manages to stay afloat. It is a useful book, precisely because it has what the other studies lack: a perspective on Congress which is removed from the daily round of lobbying and legislation on Capitol Hill. Siff and Weil use the congressional rules and rulemakers to help unlock the mysteries of the legislative process. Most good books on Congress use the same device, but the Nader authors do manage a few interesting observations in discussing two little-known centers of congressional power: the parliamentarians and the conference committees.

Transformations of the American Party System, Political Coalitions from the New Deal to the 1970s. Everett Carll Ladd, Jr., Charles D. Hadley. Norton, $12.50.

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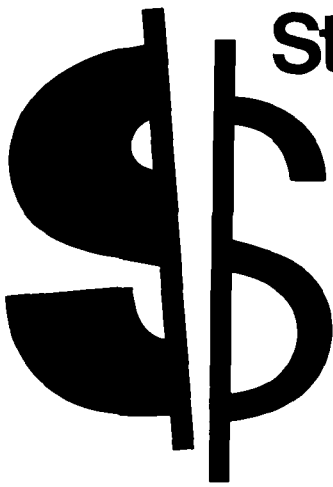

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